

Trends in Telephone Service

*Industry Analysis and Technology Division
Wireline Competition Bureau*

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Introduction

Trends in Telephone Service is published by the Industry Analysis and Technology Division of the Federal Communication Commission's Wireline Competition Bureau.¹ This report is designed to provide answers to some of the most frequently asked questions about the telephone industry -- questions asked by consumers, members of Congress, other government agencies, telecommunications carriers, and members of the business and academic communities. To this end, the report contains summary information about the size, growth, and development of the telephone industry, including data on market shares, minutes of calling, number of lines, and telephone subscribership. The report also provides information about access charges, advanced telecommunications, consumer expenditures for service, infrastructure, international telephone traffic, local telephone competition, telephone rates and price changes, toll service providers, and universal service support.

Trends in Telephone Service summarizes a variety of information contained in other reports that are published periodically by the Industry Analysis and Technology Division.² In most cases, these other reports provide more detailed information than that provided here. These reports can be accessed from the Wireline Competition Bureau Statistical Reports Internet site, at www.fcc.gov/wcb/stats. In addition, to facilitate further information gathering by consumers and others, we have listed additional sources of information in Appendix B, and we have provided information on contacting the authors of this report in Appendix C.

1 Access Charges

Long distance companies rely on the loops, switches, and transport facilities of local telephone companies for access to their customers. As a result, local telephone companies recover a portion of their costs from long distance companies accessing their networks. Both the manner in which these access charges have been assessed and the proportion of the costs they have recovered have varied considerably over time.

In the early 1980s, AT&T provided about three-quarters of the nation's local telephone service and almost all interstate long distance service. Because revenue sharing was largely an internal process for AT&T, it was able to charge prices above true economic cost for long distance calls and share the revenues with local telephone companies. These transfers, while reducing the pressures on the local companies to raise monthly rates, contributed to inefficiently high long distance rates. The high rates were responsible for suppressing demand for long distance calls and inducing large corporations to bypass the public switched network. Moreover, while such revenue sharing arrangements were sustainable in an industry where one firm monopolized both long distance and local service, they were not compatible with a competitive

¹ *Trends in Telephone Service* was last published in June 2005.

² See Appendix A for a list of these publications.

long distance industry.

In mid-1984 the FCC, in cooperation with a Federal-State Joint Board composed of both federal and state regulators, introduced sweeping changes in the way that local telephone companies charged for their services. The historic method of sharing revenues was replaced with a new system of access charges that provided a uniform method for local telephone companies to charge long distance carriers for the origination and termination of interstate traffic on their local networks. In addition, monthly subscriber line charges (SLCs) were introduced to recover a portion of the fixed costs of the local telephone companies' loops directly from end users on a per-line basis. Since local telephone companies were required to reduce their charges to long distance carriers -- dollar for dollar -- as SLCs were introduced, the pricing changes reduced the implicit subsidy from long distance use to local service. The rebalancing of prices between local service and interstate long distance calls during the 1980s had a fundamental impact on the telephone industry as the price of long distance service fell and the volume of long distance calling surged.

In mid-1997, as part of its implementation of the 1996 Telecommunications Act, the FCC introduced further interstate access charge reform. Prior to the 1997 reform, local carriers continued to recover part of their fixed costs in per-minute charges (from long distance carriers) and part from end users (in SLCs.) Presubscribed interexchange carrier charges (PICCs) were created in order to allow local carriers to recover the remaining portion of their fixed loop costs from long distance carriers on a per-line, instead of a per-minute, basis.

As part of access charge reform in May of 2000, the FCC started to eliminate PICCs and consolidate them with SLCs. All price-cap local exchange carriers implemented lower access charges paid by long distance carriers. In October of 2001, the FCC modified its interstate access charge rules for rate-of-return incumbent local exchange carriers. These changes for the rate-of-return carriers were designed to align the interstate access rate structure more closely with the manner in which costs are incurred by driving per-minute access charges towards lower, more cost-based levels.

Average monthly SLCs and PICCs are shown in Table 1.1, and average per-minute rates charged to long distance carriers are shown in Table 1.2. Both tables report historical averages for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Current per-line charges and per-minute charges are reported for each of the carriers in Tables 1.3 and 1.4, respectively.

Table 1.1
Interstate Per-Line Access Charges
(National Average per Month per Line) ¹

Rates in Effect		Charged to End Users ² (Subscriber Line Charges)			Charged to Long Distance Carriers ³ (Presubscribed Interexchange Carrier Charges)			
From	To	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex
05/26/84	05/31/85	\$0.00		\$4.99				
06/01/85	09/30/85	1.00		4.99				
10/01/85	05/31/86	1.00		4.97				
06/01/86	12/31/86	2.00		4.97				
01/01/87	06/30/87	2.00		5.12				
07/01/87	12/31/87	2.60		5.12				
01/01/88	11/30/88	2.60		5.01				
12/01/88	03/31/89	3.20		5.01				
04/01/89	12/31/89	3.50		4.94				
01/01/90	06/30/90	3.48		4.84				
07/01/90	12/31/90	3.48		4.83				
01/01/91	06/30/91	3.48		4.77				
07/01/91	11/27/91	3.49		4.74				
11/28/91	06/30/92	3.49		4.76				
07/01/92	06/30/93	3.49		4.68				
07/01/93	06/30/94	3.50		5.37				
07/01/94	06/30/95	3.50		5.45				
07/01/95	06/30/96	3.50		5.50				
07/01/96	06/30/97	3.50		5.53				
07/01/97	12/31/97	3.50		5.68				
01/01/98	06/30/98	3.50	\$4.98	6.92	\$0.49	\$1.50	\$2.52	\$0.35
07/01/98	12/31/98	3.50	4.99	7.11	0.49	1.38	2.38	0.38
01/01/99	06/30/99	3.50	5.88	7.05	0.49	1.38	2.22	0.32
07/01/99	12/31/99	3.50	5.84	6.94	0.95	1.77	2.78	0.42
01/01/00	06/30/00	3.50	5.81	6.94	0.92	1.70	2.44	0.35
08/11/00	06/30/01 ⁴	4.28	5.99	6.88	0.00	0.00	2.30	0.37
07/01/01	12/31/01	4.78	5.93	6.66	0.00	0.00	1.35	0.22
01/01/02	06/30/02	4.92	5.93	6.79	0.00	0.00	1.35	0.22
07/01/02	06/30/03	5.62	5.88	6.45	0.00	0.00	0.48	0.08
07/01/03	06/30/04	5.96	5.94	6.37	0.00	0.00	0.20	0.04
07/01/04	06/30/05	5.92	5.85	6.24	0.00	0.00	0.19	0.05
07/01/05	06/30/06	5.92	5.83	6.26	0.00	0.00	0.21	0.04
07/01/06	06/30/07	5.91	5.81	6.27	0.00	0.00	0.23	0.04

¹ This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool.

² Prior to 1/01/98, carriers did not charge separate subscriber line charge (SLC) rates for primary and non-primary residential lines. Therefore, the residential and single-line business average SLCs reported prior to 1/01/98 include all residential SLC charges. The average residential and single-line business SLC rate as of 1/01/98 excludes non-primary residential SLCs. Non-primary SLCs are now reported separately, except for the LECs in the NECA pool, which continue to charge a single residential SLC. Under price-cap regulation, as of July 1, 2003, the caps on SLCs for primary residential and single-line business, non-primary residential, and multiline business and Centrex lines equal \$6.50, \$7.00, and \$9.20, respectively. For NECA pool companies, the residential SLC cap is \$6.50, while the multiline business and Centrex SLC cap equals \$9.20.

³ On 1/01/98, price-cap carriers began to charge presubscribed interexchange carrier charges (PICCs). The reported PICCs are averages per line including both price-cap and NECA pool lines. While carriers did not charge different rates for Centrex and multiline business SLCs, they did charge different PICC rates for these lines. Therefore, the average multiline business and Centrex PICC rates are reported separately. However, multiline business line counts, used to compute average PICC rates, include Centrex lines for LECs in the NECA pool, which do not charge PICCs or distinguish in access filings between the two line types. On 7/01/00, price-cap carriers stopped charging residential and single-line business PICCs. Therefore, under price-cap regulation, as of July 1, 2000, the caps on PICCs for multiline business lines equal \$4.31. Centrex groups of 9 or fewer lines are capped at the multiline business PICC rate of \$4.31 per group. Centrex groups with more than 9 lines are capped at \$0.48 per line (1/9th the multiline business rate).

⁴ Although the charges took effect on July 1, 2000, some companies made adjustments to the tariffs which did not take effect until August 11, 2000.

Source: Access tariff filings.

Table 1.2
Interstate Per-Minute Access Charges
(National Average in Cents per Minute) ¹

Rates in Effect		Interstate Charges for Switched Access Service				
From	To	Carrier Common Line per Originating Access Minute ¹	Carrier Common Line per Terminating Access Minute ¹	Traffic Sensitive per Switched Minute	Non-Traffic Sensitive per Switched Minute ²	Total Charge per Conversation Minute ³
05/26/84	01/14/85	5.24 ¢	5.24 ¢	3.10 ¢		17.26 ¢
01/15/85	05/31/85	5.43	5.43	3.10		17.66
06/01/85	09/30/85	4.71	4.71	3.10		16.17
10/01/85	05/31/86	4.33	4.33	3.10		15.38
06/01/86	12/31/86	3.04	4.33	3.10		14.00
01/01/87	06/30/87	1.55	4.33	3.10		12.41
07/01/87	12/31/87	0.69	4.33	3.10		11.49
01/01/88	11/30/88	0.00	4.14	3.10		10.56
12/01/88	02/14/89	0.00	3.39	3.00		9.60
02/15/89	03/31/89	0.00	3.25	3.00		9.46
04/01/89	12/31/89	1.00	1.83	3.00		9.11
01/01/90	06/30/90	1.00	1.53	2.50		7.78
07/01/90	12/31/90	1.00	1.23	2.50		7.48
01/01/91	06/30/91	1.00	1.14	2.40		7.18
07/01/91	06/30/92	0.88	1.06	2.40		6.97
07/01/92	06/30/93	0.79	0.95	2.40		6.76
07/01/93	06/30/94	0.88	1.16	2.20		6.66
07/01/94	06/30/95	0.84	1.08	2.10	0.28 ¢	6.89
07/01/95	06/30/96	0.74	0.89	1.96	0.21	6.16
07/01/96	06/30/97	0.72	0.89	1.95	0.17	6.04
07/01/97	12/31/97	0.64	0.84	1.63	0.14	5.18
01/01/98	06/30/98	0.68	0.23	1.29	0.21	4.04
07/01/98	12/31/98	0.91	0.20	0.99	0.30	3.82
01/01/99	06/30/99	0.82	0.16	0.98	0.32	3.71
07/01/99	12/31/99	0.37	0.10	0.86	0.28	2.82
01/01/00	06/30/00	0.32	0.10	0.86	0.31	2.85
08/11/00	06/31/00 ⁴	0.23	0.07	0.52	0.26	1.91
07/01/01	12/31/01	0.15	0.07	0.48	0.24	1.71
01/01/02	06/30/02	0.15	0.07	0.47	0.24	1.69
07/01/02	06/30/03	0.02	0.01	0.48	0.22	1.46
07/01/03	06/30/04	0.00	0.00	0.48	0.22	1.44
07/01/04	06/30/05	0.00	0.00	0.50	0.25	1.53
07/01/05	06/30/06	0.00	0.00	0.52	0.25	1.59
07/01/06	06/30/07	0.01	0.00	0.54	0.25	1.63

¹ This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. The average rates reported here do not include the average revenue per minute from subscriber line charges (SLCs) or primary interexchange carrier charges (PICCs), both of which are reported in Table 1.1. Effective 07/01/03, the carrier common line (CCL) rates for NECA carriers were eliminated.

² Non-traffic-sensitive charges include charges assessed on a per-month, per-unit basis. Prior to 07/01/94, these charges were included in the average traffic-sensitive rates.

³ The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic-sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic-sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both traffic-sensitive and non-traffic-sensitive charges per switched minute.

⁴ Although the charges took effect on July 1, 2000, some companies made adjustments to the tariffs which did not take effect until August 11, 2000.

Source: Access tariff filings.

Table 1.3
Interstate Per-Line Access Charges by Carrier
(In Dollars per Month per Line) ¹

Company	Rates Effective from 07/01/06 to 06/30/07							2005 Average Monthly Access Lines ² (Thousands)		
	Subscriber Line Charges			Presubscribed Interexchange Carrier Charges						
	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex
ALLTEL (KY & NE)	\$6.05	\$6.42	\$7.85	\$0.00	\$0.00	\$1.72	\$0.82	513	19	225
BellSouth	6.50	6.76	6.76	0.00	0.00	0.00	0.00	12,105	1,321	4,846
CenturyTel ³	6.37	6.56	7.51	0.00	0.00	0.83	1.18	448	27	115
Cincinnati Bell	5.24	5.24	5.24	0.00	0.00	0.00	0.00	609	49	258
Citizens	6.13	6.44	9.20	0.00	0.00	4.31	0.75	1,570	105	422
Hawaiian Telecom	6.50	7.00	8.15	0.00	0.00	0.00	0.00	374	53	205
Iowa Telecom	6.14	6.14	8.79	0.00	0.00	0.00	0.00	186	9	42
Qwest	6.01	6.23	6.50	0.00	0.00	0.00	0.00	8,327	1,041	3,030
SBC	4.96	4.83	4.89	0.00	0.00	0.00	0.00	24,610	3,952	14,236
Sprint	5.74	5.67	7.15	0.00	0.00	0.00	0.00	5,032	520	1,563
Valor	6.50	7.00	9.20	0.00	0.00	2.08	1.51	350	47	82
Verizon	6.30	6.32	6.79	0.00	0.00	0.52	0.07	26,396	3,948	13,077
Price Caps	5.84	5.81	6.11	0.00	0.00	0.24	0.04	80,520	11,092	38,101
NECA	6.50	NA	9.20	0.00	NA	0.00	NA	9,604	NA	2,071
Price Caps and NECA	5.91	5.81	6.27	0.00	0.00	0.23	0.04	90,124	11,092	40,172

NA - Not Available.

¹ This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier. No information is available for those carriers that are not in the NECA pool, but are subject to rate-of-return regulation.

² Access line counts measure lines that companies report as qualified to receive subscriber line charges (SLCs). ISDN-BRI lines, which are charged non-primary SLC and PICC rates, are included in the non-primary residential line counts. ISDN-PRI lines, which are charged rates equal to five times the multiline business SLC and PICC rates, are multiplied by five and added to multiline business counts.

³ Data reflect only those company study areas subject to price-cap regulation.

Source: Access tariff filings.

Table 1.4
Interstate Per-Minute Access Charges by Carrier
(In Cents per Minute) ¹

Company	Rates Effective from 7/1/06-06/30/07					Year 2005 Minutes of Use (Millions)		
	Carrier Common Line per Originating Access Minute ²	Carrier Common Line per Terminating Access Minute ²	Switched Traffic Sensitive per Access Minute	Switched Non-Traffic Sensitive per Access Minute ³	Total Charge per Conversation Minute ⁴	Carrier Common Line		Local Switching
						Originating	Terminating	
ALLTEL (KY & NE)	0.00 ¢	0.00 ¢	0.55 ¢	0.31 ¢	1.75 ¢	596	938	2,083
BellSouth	0.00	0.00	0.43	0.33	1.54	20,492	66,617	57,115
CenturyTel ⁵	0.16	0.00	0.51	0.31	1.86	409	1,488	1,897
Cincinnati Bell	0.00	0.00	0.58	0.37	1.94	651	2,097	2,750
Citizens	0.15	0.00	0.50	0.45	2.10	1,304	4,744	6,049
Hawaiian Telecom	0.00	0.00	0.82	0.15	1.99	365	1,071	1,525
Iowa Telecom	0.00	0.00	1.55	0.66	4.53	297	349	647
Qwest	0.00	0.00	0.68	0.16	1.72	14,059	26,119	40,322
SBC	0.00	0.00	0.45	0.21	1.34	50,453	51,797	109,030
Sprint	0.00	0.00	0.73	0.15	1.81	5,197	20,146	22,856
Valor	0.00	0.00	0.78	0.35	2.33	278	902	1,180
Verizon	0.02	0.00	0.49	0.22	1.46	32,581	88,440	121,861
Price Caps	0.01	0.00	0.51	0.23	1.51	126,682	264,709	367,313
NECA	0.00	0.00	1.13	0.72	3.78	*	*	19,340
All Price Caps and NECA	0.01	0.00	0.54	0.25	1.63	*	*	386,654

* NECA no longer files information regarding originating and terminating Carrier Common Line (CCL) charges.

¹ This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier. No information is available for those carriers that are not in the NECA pool, but are subject to rate-of-return regulation. The average rates reported here do not include the average revenue per minute from subscriber line charges (SLCs) or primary interexchange carrier charges (PICCs), both of which are reported in Table 1.1.

² Effective 07/01/03, the carrier common line (CCL) rates for NECA carriers were eliminated.

³ Non-traffic sensitive charges include charges assessed on a per-month, per-unit basis. Prior to 07/01/94 these charges were included in the average traffic-sensitive rates.

⁴ The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic-sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic-sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both traffic-sensitive and non-traffic-sensitive charges per switched minute.

⁵ Data reflect only those company study areas subject to price-cap regulation.

Source: Access tariff filings.

2 Advanced Telecommunications

Congress directed the Commission and the states, in section 706 of the Telecommunications Act of 1996, to encourage deployment of advanced telecommunications capability in the United States on a reasonable and timely basis. To assist in its evaluation of such deployment, the Commission instituted a formal data collection program to gather standardized information about subscribership to high-speed services, including advanced services, from wireline telephone companies, cable system operators, terrestrial wireless service providers, satellite service providers, and any other facilities-based providers of advanced telecommunications capability. For reporting purposes, high-speed service “lines” are wired or wireless connections to end users (i.e., to Internet-access service subscribers) that are faster than 200 kilobits per second (kbps) in at least one direction. Advanced services lines are faster than 200 kbps in both directions (and are therefore a subset of high-speed lines).

All facilities-based providers of high-speed lines were required to report to the Commission basic information about their service offerings and types of customers as of June 30, 2005. Previously collected data (i.e., as of December 31, 1999 and each succeeding June 30 and December 31 through the end of 2004) were reported by facilities-based providers with at least 250 high-speed lines in service in a particular state, and by a few smaller entities that filed on a voluntary basis.¹ Small providers, many of whom serve rural areas with relatively small populations, were therefore underrepresented in the earlier data. More than twice as many holding companies and unaffiliated entities reported information about high-speed lines in June 2005 as had reported six months earlier.

Starting with the June 30, 2005 data, all facilities-based providers report added detail about line speeds. And two groups of providers – incumbent local exchange carriers (LECs) and cable system operators – report the extent to which their high-speed lines are available to the households to whom they offer local telephone service or cable TV service (i.e., available whether or not the household actually subscribes to a high-speed Internet-access service).

Table 2.1 shows high-speed lines for the following types of technology: asymmetric digital subscriber line (ADSL), symmetric digital subscriber line (SDSL), traditional wireline, cable modem, fiber, satellite, fixed wireless, mobile wireless, and power line and other. Chart 2.1 shows the growth of high-speed lines from June 2000 through June 2006, and Chart 2.2 shows the proportion of high-speed lines by technology as of June 30, 2006.

Table 2.2 shows advanced services lines by the above technologies. Chart 2.3 shows the growth of advanced services lines from June 2000 through June 2006, and Chart 2.4 shows the proportion of advanced services lines by technology as of June 30, 2006.

¹ High-speed lines reported in earlier voluntary submissions represented less than 0.05% of total reported high-speed lines. As of June 30, 2005, filers with fewer than 250 lines in a state (including entities that previously filed on a voluntary basis) represented about 0.2% of total reported high-speed lines.

Comparable data for residential lines, only, are shown in Table 2.3 and Table 2.4, and in Charts 2.5 through 2.8.

Table 2.5 and Chart 2.9 provide additional detail about speeds (i.e., information transfer rates) of reported high-speed lines, by technology.

Table 2.6 shows high-speed lines, by state and by technology, as of June 30, 2006. Table 2.7 shows total reported high-speed lines by state over time.

Table 2.8 provides nationwide and state-specific estimates of the extent to which digital subscriber line (DSL) high-speed lines provided by incumbent LECs, and cable modem high-speed service provided by cable system operators, are available to the households to whom these companies offer local telephone service or cable TV service.

The U.S. Department of Commerce periodically has asked the U.S. Census Bureau to include questions on whether households have telephones, computers, and Internet access as part of the *Current Population Survey*. Chart 2.10 shows the percent of U.S. households with computers, Internet access, and high-speed access. The chart presents summary statistics from the most recent (sixth) report based on these data, *A Nation Online: Entering the Broadband Age*, which is available through the National Telecommunications and Information Administration (NTIA) web site at www.ntia.doc.gov.

Table 2.9 and Chart 2.11 show the percent of U.S. households with Internet Connections for rural and urban areas.

Table 2.1
High-Speed Lines ¹
(Over 200 kbps in at least one direction)

Technology ²	2000	2001	2002	2003	2004		2005		2006
	Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
ADSL	951,583	2,693,834	5,101,493	7,675,114	11,398,199	13,817,280	16,316,309	19,515,619	22,575,010
SDSL and Traditional Wireline	758,594	1,088,066	1,186,680	1,215,713	1,407,121	1,468,566	898,468	904,539	948,160
SDSL	-	-	-	-	-	-	411,731	394,348	337,438
Traditional Wireline	-	-	-	-	-	-	486,737	510,191	610,722
Cable Modem	2,284,491	5,184,141	9,172,895	13,684,225	18,592,636	21,357,400	23,936,536	26,469,242	28,513,500
Fiber ³	46,635	81,248	105,991	111,386	130,928	159,653	315,651	448,257	700,083
Satellite and Wireless	65,615	194,707	220,588	309,006	421,690	549,621	965,068	3,814,122	11,872,309
Satellite	-	-	-	-	-	-	376,837	426,928	495,365
Fixed Wireless	-	-	-	-	-	-	208,695	257,431	360,976
Mobile Wireless	-	-	-	-	-	-	379,536	3,129,763	11,015,968
Power Line and Other	-	-	-	-	-	-	4,872	4,571	5,208
Total Lines	4,106,918	9,241,996	15,787,647	22,995,444	31,950,574	37,352,520	42,436,904	51,156,350	64,614,270

For data through December 2004, only those providers with at least 250 lines per state were required to file. Some data have been revised. See additional notes following Chart 2.9.

Chart 2.1
Total High-Speed Lines

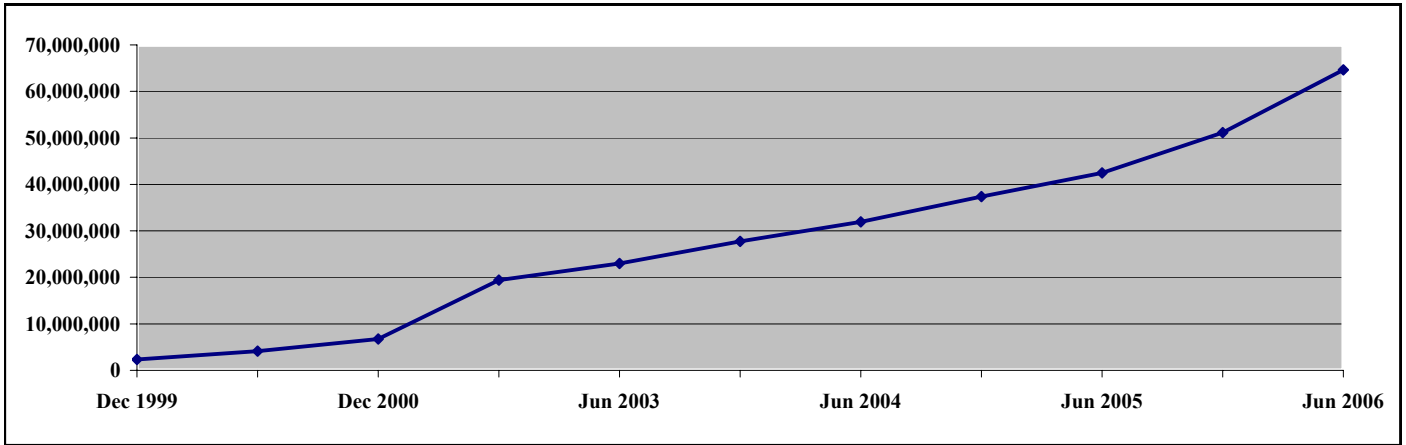


Chart 2.2
High-Speed Lines by Technology as of June 30, 2006

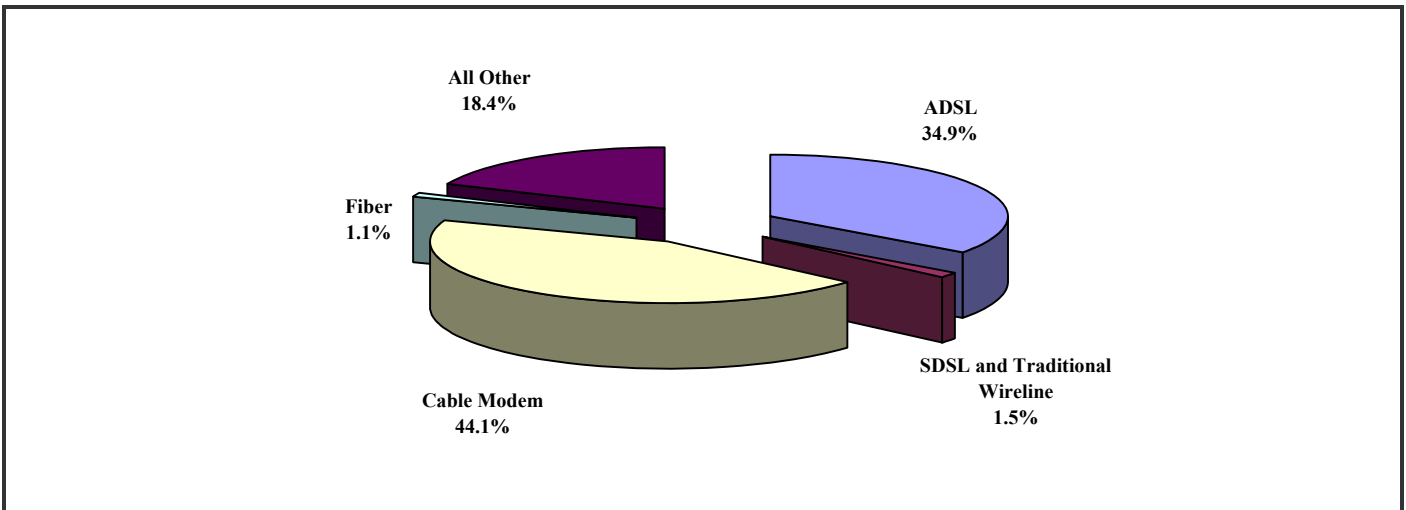


Table 2.2
Advanced Services Lines ¹
(Over 200 kbps in both directions)

Technology ²	2000	2001	2002	2003	2004		2005		2006
	Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
ADSL	326,816	998,883	1,852,879	2,536,368	3,768,019	5,695,548	13,176,095	15,921,353	18,301,930
SDSL and Traditional Wireline	758,594	1,088,066	1,186,680	1,215,713	1,407,121	1,468,566	869,772	874,263	946,900
SDSL	-	-	-	-	-	-	387,451	368,736	336,612
Traditional Wireline	-	-	-	-	-	-	482,321	505,527	610,288
Cable Modem	1,469,130	3,329,976	6,819,395	11,935,866	17,567,468	20,891,624	22,664,106	26,200,400	28,220,563
Fiber ³	40,627	81,204	104,015	110,829	129,636	157,127	314,229	447,244	698,990
Satellite and Wireless	3,649	73,476	66,073	64,393	93,805	106,616	223,274	340,110	2,274,465
Satellite	-	-	-	-	-	-	10,966	36,331	27,489
Fixed Wireless	-	-	-	-	-	-	191,229	220,276	333,072
Mobile Wireless	-	-	-	-	-	-	21,079	83,503	1,913,904
Power Line and Other	-	-	-	-	-	-	4,174	4,501	5,208
Total Lines	2,598,816	5,571,605	10,029,042	15,863,169	22,966,048	28,319,482	37,251,651	43,787,871	50,448,057

For data through December 2004, only those providers with at least 250 lines per state were required to file. Some data have been revised. See additional notes following Chart 2.9.

Chart 2.3
Advanced Services Lines

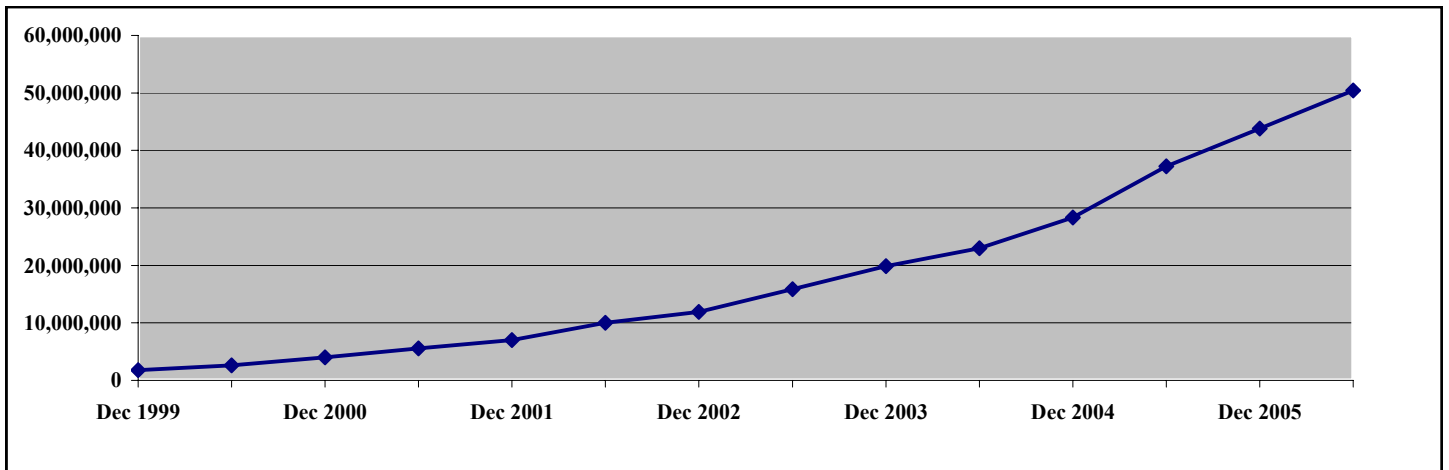


Chart 2.4
Advanced Services Lines by Technology as of June 30, 2006

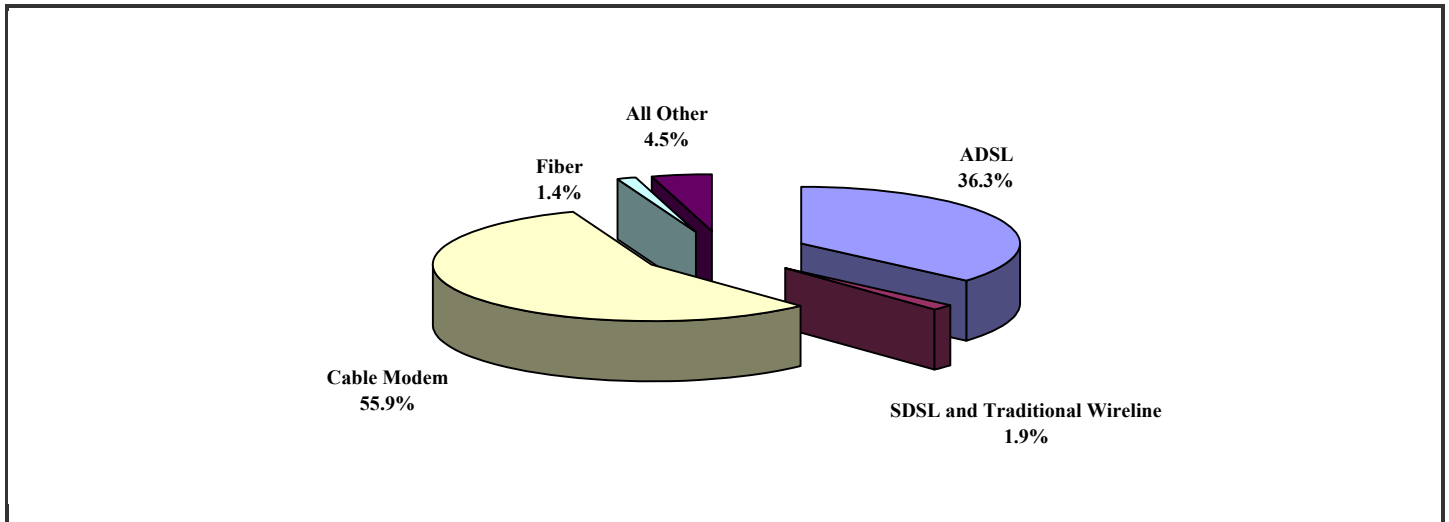


Table 2.3
Residential High-Speed Lines ¹
(Over 200 kbps in at least one direction)

Technology ²	2000	2001	2002	2003	2004		2005		2006
	Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
ADSL	772,272	2,490,740	4,395,033	6,429,938	10,759,495	13,119,326	14,442,823	17,370,536	20,143,255
SDSL and Traditional Wireline	111,490	138,307	223,599	250,372	393,049	419,215	159,489	129,439	112,043
SDSL	-	-	-	-	-	-	153,978	122,215	102,631
Traditional Wireline	-	-	-	-	-	-	5,511	7,224	9,412
Cable Modem	2,215,259	4,998,540	9,157,285	13,660,541	18,525,265	21,270,158	23,497,069	25,625,191	27,720,407
Fiber ³	325	2,623	6,120	16,132	22,719	34,959	83,293	213,484	442,027
Satellite and Wireless	64,320	182,165	202,251	288,786	387,563	422,623	428,367	533,480	1,839,368
Satellite	-	-	-	-	-	-	265,017	320,149	382,047
Fixed Wireless	-	-	-	-	-	-	160,775	203,188	301,153
Mobile Wireless	-	-	-	-	-	-	2,574	10,143	1,156,168
Power Line and Other	-	-	-	-	-	-	4,447	4,550	5,093
Total Lines	3,163,666	7,812,375	13,984,287	20,645,769	30,088,091	35,266,281	38,615,489	43,876,680	50,262,193

For data through December 2004, only those providers with at least 250 lines per state were required to file. Small business lines were included in totals through December 2004. Some data have been revised. See additional notes following Chart 2.9.

Chart 2.5
Residential High-Speed Lines

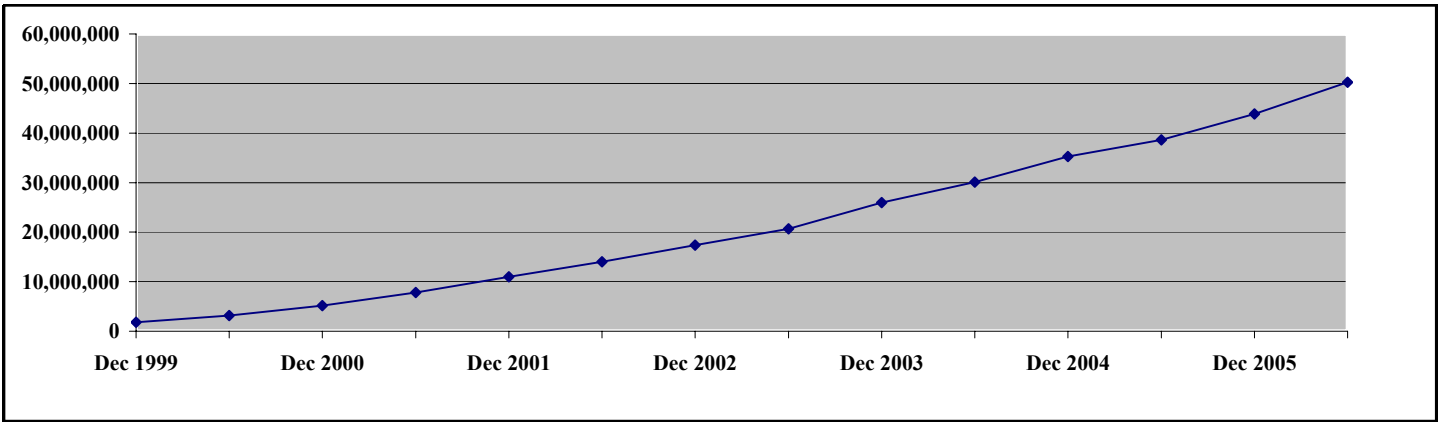


Chart 2.6
Residential High-Speed Lines by Technology as of June 30, 2006

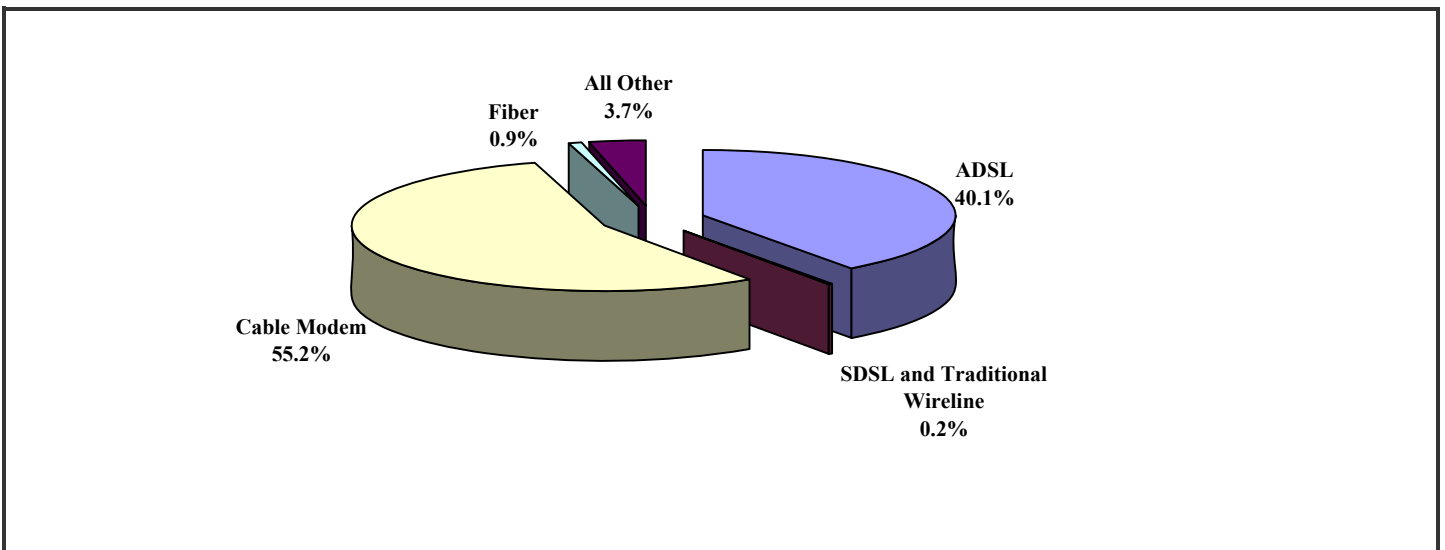


Table 2.4
Residential Advanced Services Lines ¹
(Over 200 kbps in both directions)

Technology ²	2000	2001	2002	2003	2004		2005		2006
	Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
ADSL	195,324	916,364	1,580,575	2,071,779	3,174,022	5,026,367	11,731,303	14,242,318	16,407,705
SDSL and Traditional Wireline	111,490	138,307	223,599	250,372	393,049	419,215	151,979	125,110	111,961
SDSL	-	-	-	-	-	-	149,862	122,215	102,606
Traditional Wireline	-	-	-	-	-	-	2,118	2,895	9,355
Cable Modem	1,401,434	3,146,953	6,809,170	11,920,207	17,505,907	20,811,704	22,243,481	25,444,150	27,479,801
Fiber ³	325	2,617	5,118	15,751	21,866	33,189	82,831	212,865	441,128
Satellite and Wireless	2,916	60,988	47,787	46,407	72,485	84,465	150,893	205,470	1,448,607
Satellite	-	-	-	-	-	-	2,244	25,118	15,055
Fixed Wireless	-	-	-	-	-	-	146,074	170,522	277,384
Mobile Wireless	-	-	-	-	-	-	2,574	9,830	1,156,168
Power Line and Other	-	-	-	-	-	-	3,916	4,481	5,093
Total Lines	1,711,488	4,265,229	8,666,249	14,304,515	21,167,329	26,374,940	34,364,403	40,234,394	45,894,295

For data through December 2004, only those providers with at least 250 lines per state were required to file. Small business lines were included in totals through December 2004. Some data have been revised. See additional notes following Chart 2.9.

Chart 2.7
Residential Advanced Services Lines

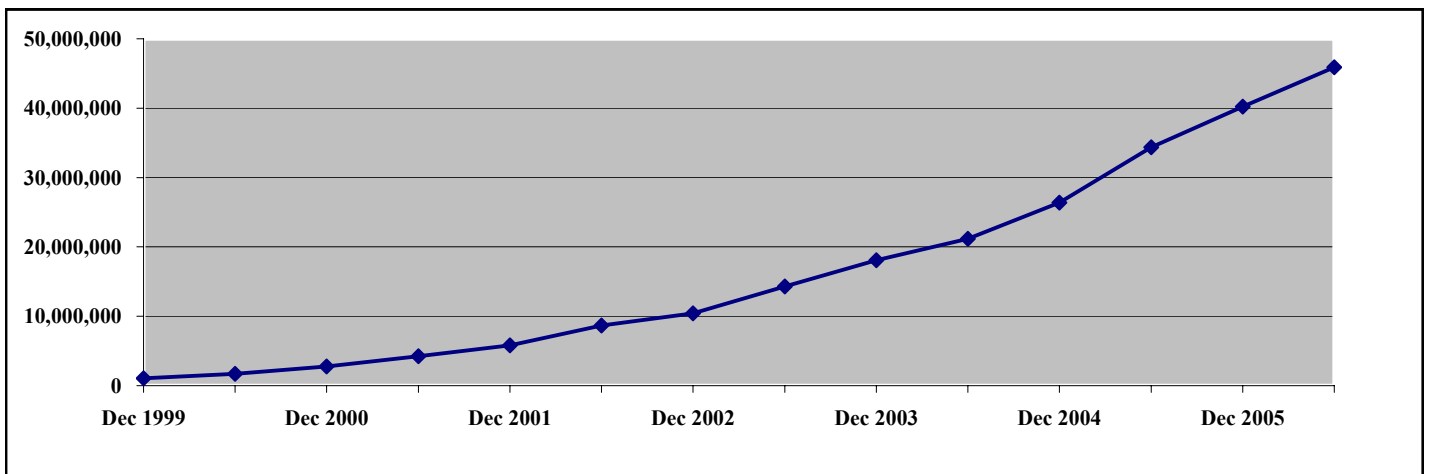


Chart 2.8
Residential Advanced Services Lines by Technology as of June 30, 2006

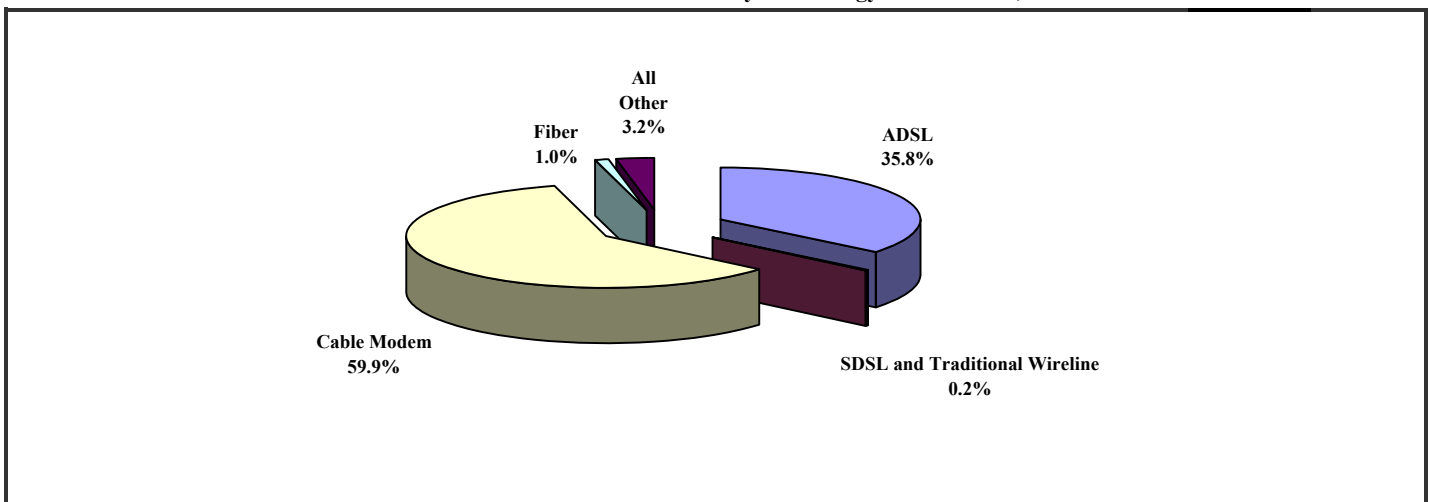
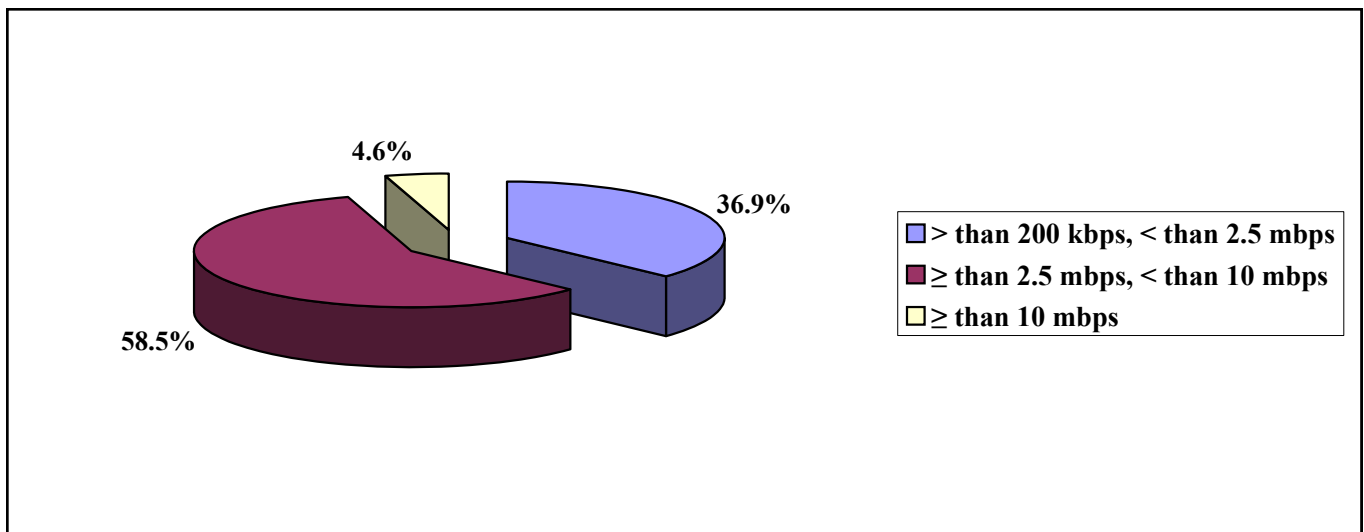


Table 2.5
High-Speed Lines by Information Transfer Rates ¹
As of June 30, 2006

Technology ²	Exceeding 200 kbps in only one direction	Exceeding 200 kbps in both directions, and:				
		Greater than 200 kbps and less than 2.5 mbps in the faster direction	Greater than or equal to 2.5 mbps and less than 10 mbps in the faster direction	Greater than or equal to 10 mbps and less than 25 mbps in the faster direction	Greater than or equal to 25 mbps and less than 100 mbps in the faster direction	Greater than or equal to 100 mbps in the faster direction
ADSL	4,273,080	12,176,742	6,111,807	11,255	*	*
SDSL	826	327,370	9,223	11	*	*
Traditional Wireline	434	583,221	10,363	891	12,270	3,543
Cable Modem	292,937	3,053,382	23,039,748	2,099,654	27,779	0
Fiber ³	1,093	221,227	315,266	133,339	15,778	13,380
Satellite	467,876	*	*	0	0	0
Fixed Wireless	27,904	313,011	17,220	2,580	207	54
Mobile Wireless	9,102,064	*	*	0	0	0
Power Line and Other	0	*	*	0	0	0
Total Lines	14,166,213	18,618,973	29,506,209	2,247,730	57,101	18,044

* Data withheld to maintain firm confidentiality.
 See data have been revised. See additional notes following Chart 2.9.

Chart 2.9
High-Speed Lines by Information Transfer Rates in the Faster Directions as of June 30, 2006
(Includes only lines exceeding 200 kbps in both directions)



Notes for Tables 2.1 - 2.5 and Charts 2.1 - 2.9.

Advanced services lines, residential high-speed lines, and residential advanced services lines are estimated based on data reported on FCC Form 477. Therefore, figures may not add to totals due to rounding.

¹ High-speed lines are connections to end-user locations that deliver services at speeds exceeding 200 kbps in at least one direction. Advanced services lines, which are a subset of high-speed lines, are connections that deliver services at speeds exceeding 200 kbps in both directions. In Tables 2.2 and 2.4, we enumerate those reported high-speed lines that also qualify as advanced services lines. More detailed information about connection speeds is presented in Table 2.5. Line counts presented in this report are not adjusted for the number of persons at a single end-user location who have access to, or who use, the Internet-access services that are delivered over the high-speed connection to that location.

² The mutually exclusive types of technology are, respectively: Asymmetric digital subscriber line (ADSL) technologies, which provide speeds in one direction greater than speeds in the other direction; symmetric digital subscriber line (SDSL) technologies; traditional wireline technologies "other" than ADSL and SDSL, including traditional telephone company high-speed services that provide equivalent functionality, and also Ethernet service if delivered to the subscriber's location over copper (as opposed to optical fiber) plant; cable modem, including the typical hybrid fiber-coax (HFC) architecture of upgraded cable TV systems; optical fiber to the subscriber's premises (e.g., Fiber-to-the-Home, or FTTH); satellite and fixed and mobile terrestrial wireless systems, which use radio spectrum to communicate with a radio transmitter; and electric power line.

³ Fiber line counts included electric power line through December 2004. The June 2005 fiber counts reflect a downward correction by one or more filers. Fiber line counts prior to June 2005 have been adjusted to take into account this downward correction.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of June 30, 2006* (January 2007).

Table 2.6
High-Speed Lines by Technology as of June 30, 2006
(Over 200 kbps in at least one direction)

State	ADSL	SDSL	Traditional Wireline	Cable Modem	Fiber	Satellite	Fixed Wireless	Mobile Wireless	Power Line and Other	Total
Alabama	268,970	9,409	5,691	310,548	995	*	704	*	*	615,510
Alaska	53,687	8,108	358	*	*	*	4,292	*	0	125,005
American Samoa	*	*	0	0	0	*	*	0	0	*
Arizona	276,261	1,741	8,114	761,419	2,272	*	16,964	*	0	1,392,711
Arkansas	180,883	920	2,974	148,940	2,148	*	581	*	0	363,933
California	4,001,529	38,728	161,115	2,956,932	132,473	*	39,329	*	0	9,395,285
Colorado	404,989	2,538	12,928	476,463	1,073	*	11,067	*	0	1,165,853
Connecticut	*	4,118	6,588	441,092	2,776	*	0	*	0	1,024,053
Delaware	*	307	1,528	*	*	*	0	*	0	157,648
District of Columbia	*	2,898	2,185	*	423	*	*	*	0	200,221
Florida	1,722,888	8,784	33,858	1,939,409	48,814	*	23,422	*	0	4,408,427
Georgia	1,008,705	8,230	22,043	649,583	1,900	*	503	*	0	2,054,077
Guam	*	0	*	0	0	*	0	0	0	*
Hawaii	*	*	2,224	*	*	*	*	*	0	294,612
Idaho	97,662	480	1,514	75,185	1,078	*	21,915	*	0	202,521
Illinois	1,094,088	14,523	40,916	987,640	*	*	19,750	*	*	2,611,672
Indiana	443,473	4,649	11,935	490,020	22,187	*	6,296	*	*	1,191,752
Iowa	189,267	4,114	2,250	225,545	2,133	*	11,651	*	0	446,657
Kansas	179,430	3,976	4,282	316,866	2,652	*	11,232	*	0	595,979
Kentucky	250,715	4,592	4,014	306,487	1,683	*	1,715	*	0	629,538
Louisiana	235,750	4,762	3,551	378,613	9,843	*	1,143	*	0	730,203
Maine	89,964	3,198	3,484	145,831	*	*	*	*	0	248,440
Maryland	450,019	7,202	11,003	637,405	*	*	*	*	0	1,492,484
Massachusetts	*	7,896	11,551	954,812	*	*	*	*	0	1,811,845
Michigan	533,835	4,059	23,377	888,018	12,378	*	2,755	*	*	1,786,572
Minnesota	330,736	20,216	4,954	518,063	4,897	*	20,203	*	0	1,057,576
Mississippi	128,585	*	1,824	114,140	448	*	*	*	0	262,671
Missouri	468,334	4,754	9,871	400,808	4,219	*	5,084	*	*	1,016,732
Montana	70,471	2,411	880	54,056	202	*	6,460	*	0	139,946
Nebraska	95,404	2,640	688	218,335	350	*	6,804	*	0	355,013
Nevada	168,086	1,144	7,683	*	1,407	*	3,430	*	0	614,151
New Hampshire	85,247	2,477	2,892	201,873	*	*	*	*	0	302,957
New Jersey	638,293	7,636	17,419	1,312,433	20,032	*	*	*	0	2,654,674
New Mexico	129,076	544	1,428	100,157	*	*	2,160	*	0	250,439
New York	1,001,018	26,755	21,789	2,765,476	54,134	*	464	*	0	4,852,849
North Carolina	561,102	24,545	14,569	650,767	6,670	*	12,917	*	0	1,601,938
North Dakota	38,729	4,282	287	19,861	2,592	*	2,859	*	0	70,615
Northern Mariana Islands	*	0	*	0	*	*	*	0	0	*
Ohio	752,633	5,392	18,693	1,115,618	19,046	*	11,669	*	*	2,392,030
Oklahoma	246,899	1,937	4,545	284,184	3,816	*	1,947	*	0	569,398
Oregon	280,286	6,686	5,964	407,195	9,444	*	10,129	*	0	860,385
Pennsylvania	871,164	22,253	15,726	1,164,080	42,214	*	1,413	*	0	2,646,898
Puerto Rico	*	0	3,406	*	*	*	*	*	0	169,917
Rhode Island	*	1,318	1,649	*	1,488	*	0	*	0	276,141
South Carolina	242,548	225	7,402	368,338	3,792	*	*	*	0	645,886
South Dakota	32,763	3,999	215	37,514	840	*	4,375	*	0	83,275
Tennessee	348,344	2,475	9,293	506,143	5,707	*	150	*	0	1,153,432
Texas	1,733,423	15,471	32,321	1,692,433	104,719	*	51,814	*	0	4,371,655
Utah	189,240	4,378	2,974	*	766	*	8,642	*	0	471,137
Vermont	51,382	1,129	1,864	*	*	*	409	*	0	108,622
Virgin Islands	*	*	*	0	0	*	*	*	0	7,226
Virginia	440,990	6,752	17,121	892,955	43,338	*	6,219	*	*	1,787,359
Washington	491,409	6,919	10,448	725,832	14,206	*	12,721	*	*	1,575,375
West Virginia	86,507	2,832	1,833	145,450	*	*	*	*	0	245,597
Wisconsin	359,530	7,725	15,252	542,881	*	*	4,078	*	0	1,034,646
Wyoming	38,541	1,247	164	*	56	*	2,126	*	0	83,086
Nationwide	22,575,010	337,438	610,722	28,513,500	700,083	495,365	360,976	11,015,968	5,208	64,614,270

* Data withheld to maintain firm confidentiality.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of June 30, 2006* (January 2007).

Table 2.7
High-Speed Lines by State
(Over 200 kbps in at least one direction)

State	2000	2001	2002	2003	2004		2005		2006
	Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
Alabama	32,756	86,234	172,365	283,946	350,691	410,054	455,300	531,976	615,510
Alaska	*	20,906	46,791	61,121	88,076	110,416	95,761	109,484	125,005
American Samoa	0	0	0	0	*	0	*	*	*
Arizona	109,867	154,883	305,304	441,227	618,677	745,957	809,819	1,039,553	1,392,711
Arkansas	15,539	40,803	84,061	128,100	188,185	220,051	258,270	302,881	363,933
California	862,835	1,639,921	2,527,275	3,378,373	4,608,822	5,294,566	5,954,876	7,337,831	9,395,285
Colorado	61,408	142,295	238,702	338,083	515,081	615,101	688,189	882,669	1,165,853
Connecticut	61,903	146,266	233,277	364,371	516,039	598,582	679,891	807,796	1,024,053
Delaware	3,242	12,158	35,941	54,272	74,732	91,975	108,554	132,399	157,648
District of Columbia	9,243	28,861	44,266	58,800	83,213	101,638	113,086	139,594	200,221
Florida	234,807	634,703	1,103,236	1,634,552	2,236,963	2,659,862	2,958,350	3,537,720	4,408,427
Georgia	118,630	285,637	494,263	748,016	1,039,440	1,205,282	1,328,956	1,610,750	2,054,077
Guam	0	0	0	0	*	*	*	*	*
Hawaii	*	*	*	*	*	*	*	*	294,612
Idaho	8,070	20,233	43,119	64,353	99,845	126,121	149,023	167,926	202,521
Illinois	148,600	325,085	525,817	840,632	1,270,907	1,497,803	1,817,481	2,159,932	2,611,672
Indiana	47,982	77,617	156,375	233,679	515,812	637,696	742,667	922,568	1,191,752
Iowa	49,159	72,583	102,932	162,257	229,811	266,794	325,701	394,359	446,657
Kansas	42,679	101,478	149,415	248,405	322,742	386,747	419,384	470,287	595,979
Kentucky	24,237	39,297	90,284	121,594	300,704	360,903	408,184	508,198	629,538
Louisiana	43,294	121,685	207,257	315,682	420,917	486,077	536,934	508,009	730,203
Maine	17,864	37,888	61,069	85,212	123,739	142,246	176,396	214,599	248,440
Maryland	64,130	171,423	306,504	458,128	655,588	782,757	899,640	1,120,826	1,492,484
Massachusetts	175,243	342,643	566,796	802,423	1,004,229	1,122,230	1,213,640	1,431,925	1,811,845
Michigan	131,692	389,441	531,524	729,113	946,819	1,088,090	1,336,312	1,558,034	1,786,572
Minnesota	62,983	143,819	269,433	394,982	561,411	645,505	716,826	855,753	1,057,576
Mississippi	6,271	21,185	57,168	95,628	139,429	168,393	191,675	219,552	262,671
Missouri	44,924	120,863	220,477	362,040	537,343	584,743	704,273	811,811	1,016,732
Montana	*	10,446	17,969	28,023	57,650	72,880	90,583	112,662	139,946
Nebraska	44,188	55,188	92,849	141,172	199,282	216,780	253,968	305,120	355,013
Nevada	40,297	78,076	137,407	209,028	290,518	343,111	401,932	474,019	614,151
New Hampshire	32,774	55,241	85,697	118,304	168,000	215,168	236,817	268,128	302,957
New Jersey	120,549	394,198	654,235	924,835	1,194,557	1,423,698	1,605,301	1,989,803	2,654,674
New Mexico	2,671	20,099	44,462	71,355	115,147	145,125	174,534	204,054	250,439
New York	281,641	811,386	1,364,556	1,891,457	2,349,956	2,688,731	3,067,983	3,660,500	4,852,849
North Carolina	81,998	205,100	461,378	680,828	965,761	1,119,805	1,222,648	1,482,930	1,601,938
North Dakota	2,437	6,277	14,164	25,474	39,274	47,957	56,044	60,871	70,615
Northern Mariana Islands	0	0	0	0	0	0	0	*	*
Ohio	154,597	354,258	575,756	817,020	1,152,300	1,340,976	1,601,981	1,932,269	2,392,030
Oklahoma	161,601	90,147	148,006	231,106	331,605	387,456	444,777	502,984	569,398
Oregon	43,217	91,457	197,778	316,300	437,040	508,068	558,489	688,487	860,385
Pennsylvania	71,413	249,119	501,950	755,947	1,123,876	1,386,259	1,578,981	1,999,118	2,646,898
Puerto Rico	*	*	*	32,063	43,091	61,554	66,484	118,268	169,917
Rhode Island	19,899	48,258	71,463	104,444	141,981	164,034	185,415	221,901	276,141
South Carolina	32,824	96,839	175,088	262,868	354,877	415,844	464,315	549,019	645,886
South Dakota	3,516	5,448	12,555	22,016	34,026	40,286	61,830	70,721	83,275
Tennessee	87,012	151,706	293,516	413,476	534,597	628,846	682,369	847,025	1,153,432
Texas	252,721	614,704	1,015,245	1,571,250	2,203,490	2,551,963	2,943,487	3,467,705	4,371,655
Utah	18,997	54,005	92,623	133,467	196,590	236,287	259,150	313,854	471,137
Vermont	1,551	16,230	29,990	39,773	56,033	72,400	82,279	95,901	108,622
Virgin Islands	*	*	*	*	*	*	2,183	2,967	7,226
Virginia	64,740	202,663	348,716	553,635	817,881	981,832	1,117,591	1,367,465	1,787,359
Washington	118,723	227,066	422,348	577,378	775,027	889,368	1,000,412	1,220,058	1,575,375
West Virginia	1,835	16,697	58,209	90,173	127,283	155,397	178,323	205,984	245,597
Wisconsin	34,262	127,172	256,735	401,565	564,670	649,091	731,934	859,114	1,034,646
Wyoming	*	*	10,990	17,507	35,464	45,602	55,905	70,574	83,086
Nationwide	4,106,918	9,241,996	15,787,647	22,995,444	31,950,574	37,352,520	42,436,904	51,156,350	64,614,270

* Data withheld to maintain firm confidentiality. Some data have been revised.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of June 30, 2006* (January 2007).

Table 2.8

Percentage of Residential End-User Premises with Access to High-Speed Services as of June 30, 2006

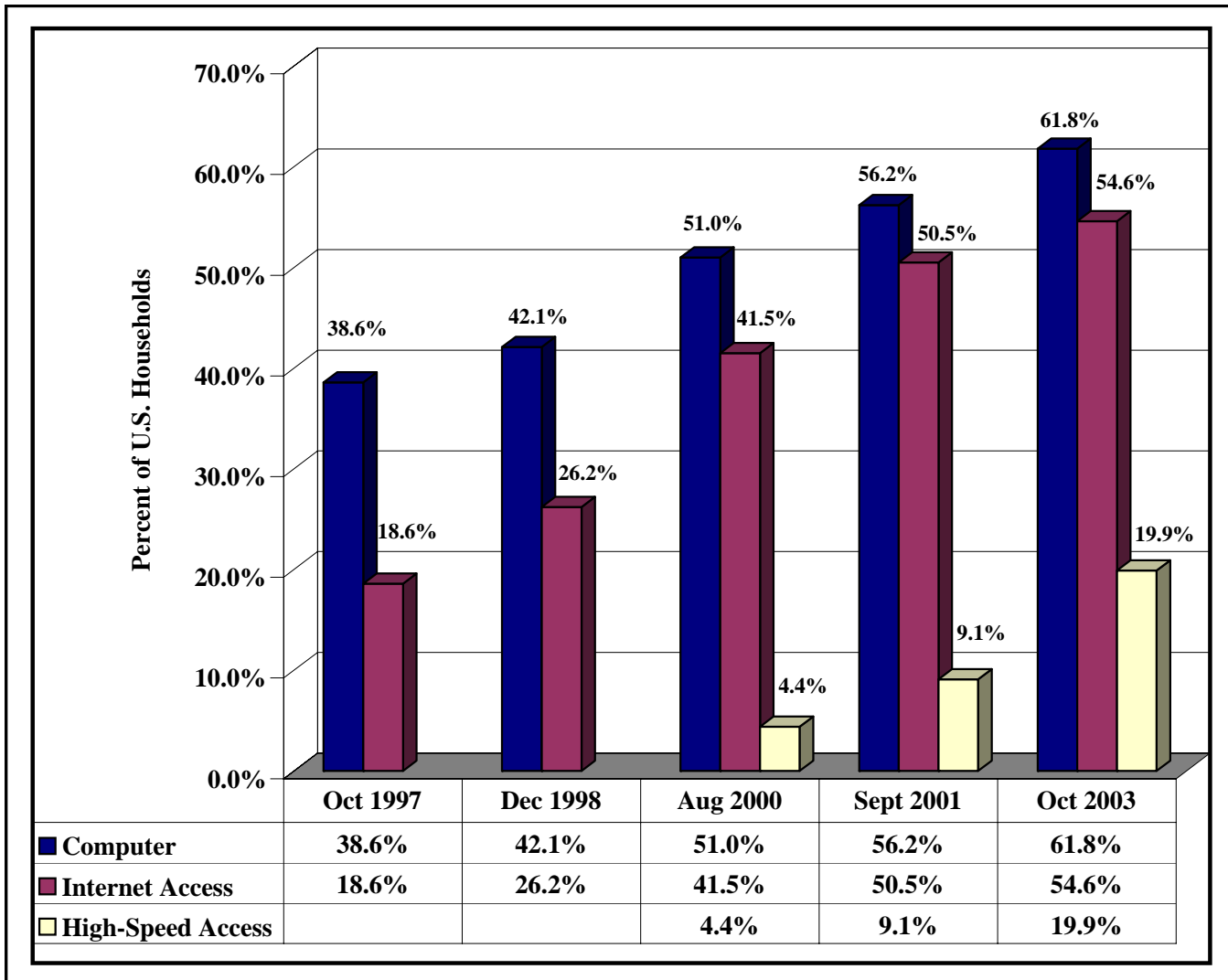
State	xDSL Availability Where ILECs Offer Local Telephone Service	Cable Modem Availability Where Cable Systems Offer Cable TV Service
Alabama	78%	91%
Alaska	78%	*
American Samoa	*	0%
Arizona	67%	91%
Arkansas	66%	77%
California	86%	97%
Colorado	82%	96%
Connecticut	*	84%
Delaware	*	*
District of Columbia	*	*
Florida	88%	96%
Georgia	87%	89%
Guam	*	0%
Hawaii	*	*
Idaho	76%	83%
Illinois	78%	97%
Indiana	74%	94%
Iowa	83%	89%
Kansas	80%	86%
Kentucky	85%	91%
Louisiana	87%	87%
Maine	67%	89%
Maryland	75%	98%
Massachusetts	*	99%
Michigan	66%	92%
Minnesota	81%	91%
Mississippi	73%	79%
Missouri	72%	96%
Montana	76%	83%
Nebraska	86%	91%
Nevada	85%	*
New Hampshire	59%	83%
New Jersey	88%	100%
New Mexico	75%	79%
New York	78%	99%
North Carolina	83%	95%
North Dakota	86%	79%
Northern Mariana Islands	*	0%
Ohio	81%	95%
Oklahoma	75%	88%
Oregon	81%	90%
Pennsylvania	82%	94%
Puerto Rico	*	*
Rhode Island	*	*
South Carolina	78%	84%
South Dakota	76%	58%
Tennessee	81%	95%
Texas	75%	95%
Utah	82%	*
Vermont	60%	*
Virgin Islands	*	0%
Virginia	66%	96%
Washington	80%	94%
West Virginia	68%	88%
Wisconsin	76%	96%
Wyoming	77%	*
Nationwide	79%	93%

* Data withheld to maintain firm confidentiality.

xDSL includes both asymmetric and symmetric DSL. Each state-specific estimate is a weighted average of the availability percentages that ILECs or cable system operators report for the areas they serve. Reported xDSL availability is weighted by ILEC end-user switched access lines. Reported cable modem availability is weighted by cable TV subscribers. The weighted averages include ILECs or cable system operators that report no availability.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of June 30, 2006* (January 2007).

Chart 2.10
Percent of U.S. Households
With Computers, Internet Access, and High-Speed Access
Selected Years (1997 - 2003) *



* Years 2001 and 2003 reflect 2000 Census-based weights and earlier years use 1990 Census-based weights.

Source: *A Nation Online: Entering the Broadband Age*, September 2004, U.S. Department of Commerce, Economics and Statistics Administration (ESA), National Telecommunications and Information Administration (NTIA), and U.S. Census Bureau.

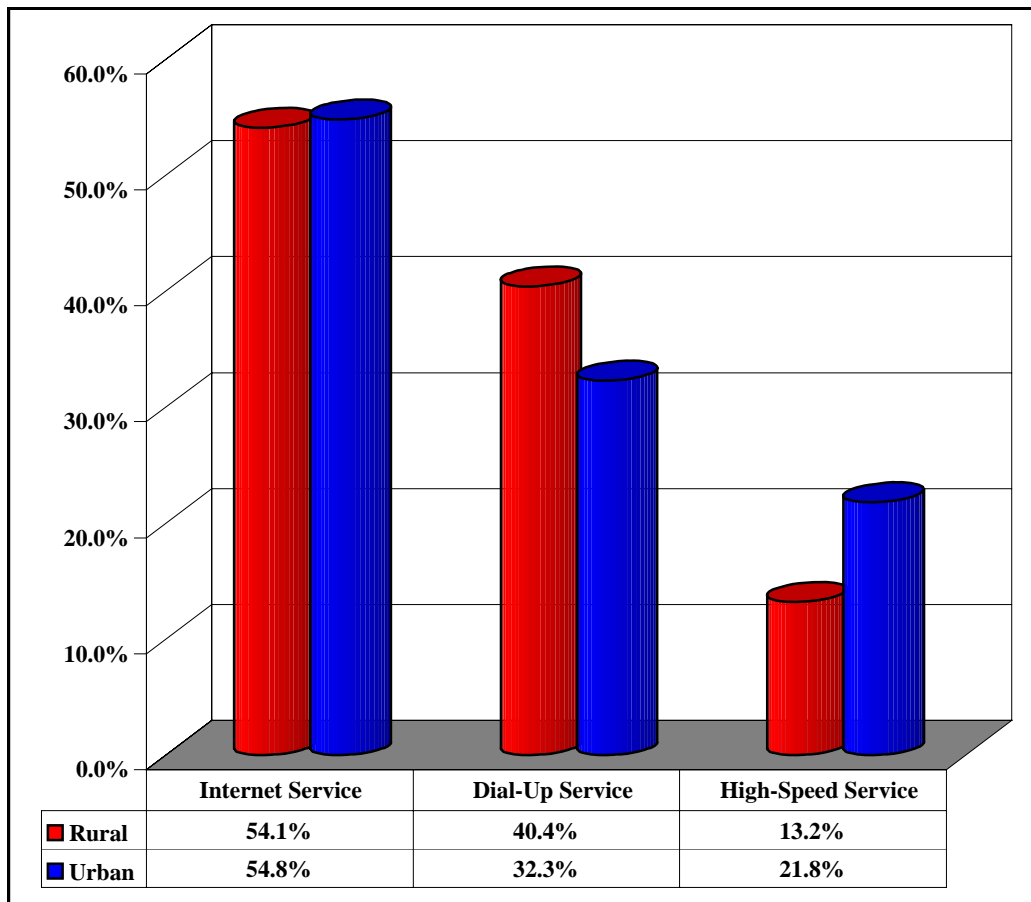
Table 2.9
Percent of U.S. Households with Internet Connections by Technology
Rural versus Urban
(As of October 2003)

	Rural	Urban	Total
Internet Service	54.1 %	54.8 %	54.6 %
Dial-Up Service	40.4	32.3	34.3
High-Speed Service	13.2	21.8	19.9
Cable Modem	7.7	12.4	11.2
DSL	5.0	9.4	8.3
Satellite and Fixed Wireless (MMDS ¹)	0.6	0.3	0.4
Other	0.4	0.5	0.4

¹ MMDS - Multi-Media Distribution Systems.

Source: *A Nation Online: Entering the Broadband Age*, September 2004, U.S. Department of Commerce, Economics and Statistics Administration (ESA), National Telecommunications and Information Administration (NTIA), and U.S. Census Bureau

Chart 2.11
Percent of U.S. Households with Internet Connections by Technology
Rural versus Urban
(As of October 2003)



3 Consumer Expenditures

The Bureau of Labor Statistics conducts surveys of consumer expenditures, in part, to develop weights for CPI indices. Table 3.1 shows total annual expenditures for telephone service for all consumer units.

About 2% of all consumer expenditures are devoted to telephone service. This percentage has remained virtually unchanged over the past twenty years, despite major changes in the telephone industry and in telephone usage. Average annual expenditures on telephone service increased from \$360 per household in 1981 to \$990 in 2004.

Bill Harvesting® data collected by TNS Telecoms provide information on the telecommunications expenditures of households. (Additional information on TNS Telecoms can be found in Section 14 and Appendix B.)

Expenditures can be classified by the type of service provider. Table 3.2 presents average monthly household bills from local exchange, long distance and wireless providers for 1995 through 2005. The upper portion of the table shows average monthly expenditures for the entire sample of households while the lower shows average monthly expenditures among those households billed by each type of service provider. The average monthly household bill from local exchange service providers is the same in both portions of the table since every household in the sample was billed by a local exchange service provider. For long distance and wireless providers, average monthly household expenditures are greater in the latter portion of the table since those households not billed by these providers are removed from the average.

It's important to note that categorizing telecommunications providers by the type of service they provide has become increasingly difficult. For some households taking bundled local and long distance service, it was impossible to separate the bill into its component parts. In those cases, the entire bill was allocated to the local exchange service provider.

Another measure of consumer expenditures for telephone service is provided by the Bureau of Economic Analysis. The estimates of personal consumption expenditures by wireline and cellular services in Table 3.3 and Charts 3.1 and 3.2 illustrate the increasing importance of the wireless share of household telephone service expenditures.

Table 3.1
Household Expenditures for Telephone Service

Year	Annual Expenditures for All Households		Telephone Expenditures as a Percent of All Expenditures
	All Expenditures	Telephone Expenditures	
1981	\$17,558	\$360	2.1 %
1982	18,071	375	2.1
1983	19,692	415	2.1
1984	21,975	435	2.0
1985	23,490	455	1.9
1986	23,866	471	2.0
1987	24,414	499	2.0
1988	25,892	537	2.1
1989	27,810	567	2.0
1990	28,381	592	2.1
1991	29,614	618	2.1
1992	29,846	623	2.1
1993	30,692	658	2.1
1994	31,731	690	2.2
1995	32,264	708	2.2
1996	33,797	772	2.3
1997	34,819	809	2.3
1998	35,535	830	2.3
1999	36,995	849	2.3
2000	38,045	877	2.3
2001	39,518	914	2.3
2002	40,677	957	2.4
2003	40,817	956	2.3
2004	43,395	990	2.3

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey*.

Table 3.2
Average Monthly Household Telecommunications Expenditures
By Type of Provider

(Averages for all Households)

Year	Wireline Providers			Wireless Providers	Total
	Local Exchange	Long Distance	Total		
1995	\$30	\$21	\$51	\$7	\$58
1996	30	21	51	9	60
1997	32	25	57	11	68
1998	33	23	56	14	70
1999	34	21	55	17	72
2000	35	18	53	23	76
2001	36	15	51	29	80
2002	36	12	48	35	83
2003	37	10	47	41	88
2004	36	9	45	47	92
2005	36	8	44	53	97

(Averages for only those Households Billed for Service)

Year	Wireline Providers			Wireless Providers	Total
	Local Exchange	Long Distance	Total		
1995	\$30	\$24	\$54	\$46	\$100
1996	30	26	56	45	101
1997	32	28	60	40	100
1998	33	28	61	41	102
1999	34	25	59	42	101
2000	35	24	59	46	105
2001	36	21	57	51	108
2002	36	19	55	56	111
2003	37	16	53	62	115
2004	36	13	49	67	116
2005	36	12	48	74	122

Note: **Average monthly household expenditures are estimates based on sample data.** All households in the sample have wireline telephone service. Households in Alaska and Hawaii are excluded from the analysis. No effort was made to distinguish bundled prices from a la carte prices. For households taking bundled local and long distance from the same provider, the entire bill is generally considered local.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 3.3
Personal Consumption Expenditures
(Expenditure Amounts Shown in Millions)

	All Goods and Services 1/	Wireline Telephone Services 2/	Cellular Telephone Services 3/	Total Telephone Services	Telephone Service as a Percentage of All Goods & Services	Wireline as a Percentage of All Telephone Service	Cellular as a Percentage of All Telephone Service
1980	\$1,757,133	\$27,560	\$0	\$27,560	1.6 %	100 %	0 %
1981	1,941,060	30,883	0	30,883	1.6	100	0
1982	2,077,268	35,140	0	35,140	1.7	100	0
1983	2,290,556	38,639	0	38,639	1.7	100	0
1984	2,503,287	41,786	0	41,786	1.7	100	0
1985	2,720,305	45,877	101	45,978	1.7	100	0
1986	2,899,724	49,088	173	49,261	1.7	100	0
1987	3,100,234	51,637	242	51,879	1.7	100	0
1988	3,353,615	53,771	591	54,362	1.6	99	1
1989	3,598,496	56,689	1,352	58,041	1.6	98	2
1990	3,839,937	58,276	2,246	60,522	1.6	96	4
1991	3,986,066	60,660	3,088	63,748	1.6	95	5
1992	4,235,265	65,803	4,866	70,669	1.7	93	7
1993	4,477,887	68,370	6,423	74,793	1.7	91	9
1994	4,743,287	72,634	8,522	81,156	1.7	89	11
1995	4,975,787	73,753	11,274	85,027	1.7	87	13
1996	5,256,832	79,052	13,735	92,787	1.8	85	15
1997	5,547,400	87,942	15,706	103,648	1.9	85	15
1998	5,879,482	91,410	18,902	110,312	1.9	83	17
1999	6,282,474	94,249	24,149	118,397	1.9	80	20
2000	6,739,378	94,880	30,187	125,068	1.9	76	24
2001	7,055,038	91,658	36,713	128,371	1.8	71	29
2002	7,350,722	87,002	41,750	128,752	1.8	68	32
2003	7,709,874	83,669	46,212	129,881	1.7	64	36
2004	8,214,298	79,550	52,559	132,109	1.6	60	40
2005	8,745,746	78,164	58,209	136,373	1.6	57	43

1/ Represents the sum of three series: Durable Goods (Series E1TDG1 A); Non-durable goods (Series E1TND1 A) and Services (Series E1TSS1 A).

2/ Represents the sum of two series: Local Telephone Service (Series E1OLC1 D) and Long Distance Telephone Services (Series E1LDT1 D).

3/ Cellular Telephone Service (Series E1CEL1 D).

Source: Bureau Of Economic Analysis, National Economic Accounts, Table 2.4.5U. Personal Consumption Expenditures by Type of Product. See http://www.bea.gov/bea/dn/nipaweb/nipa_underlying/TableView.asp?SelectedTable=22&FirstYear=2005&LastYear=2006&Freq=Qtr, visited September 13, 2006.

Chart 3.1
Personal Consumption Expenditures for Telephone Service
(\$ Billions)

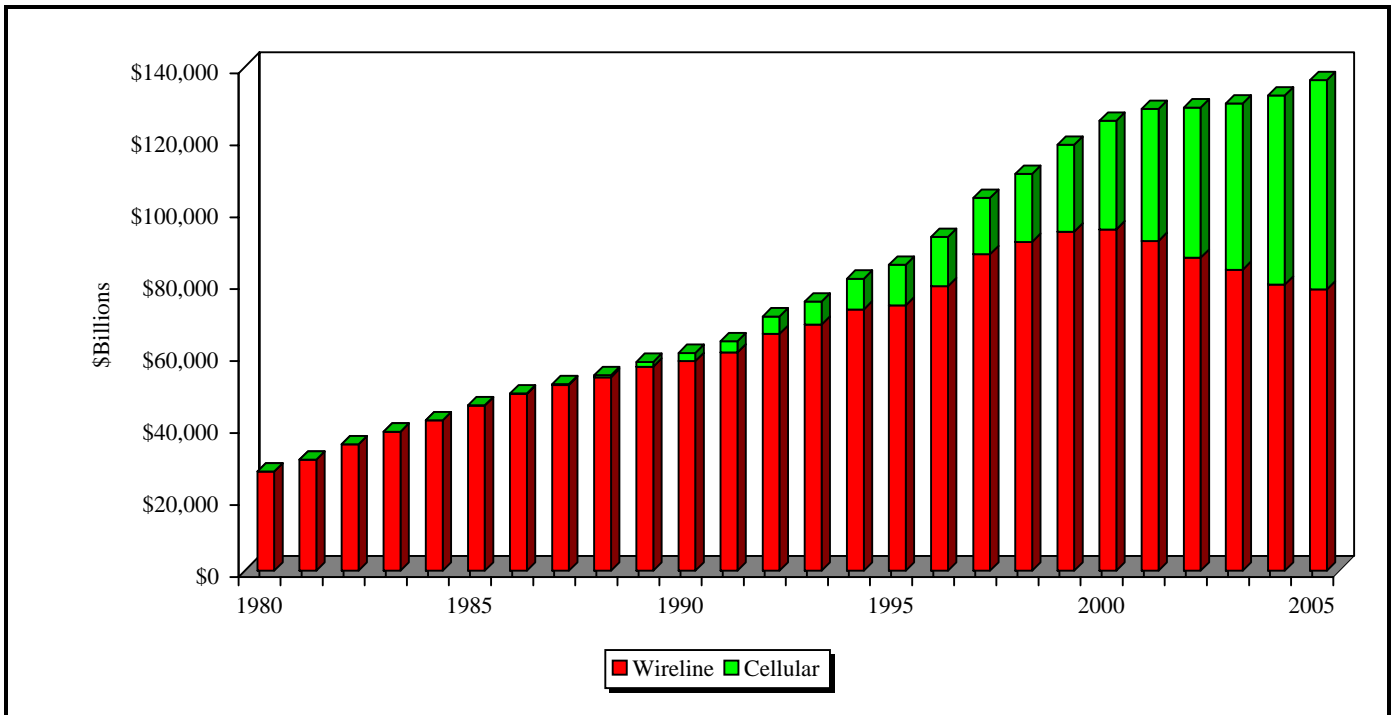
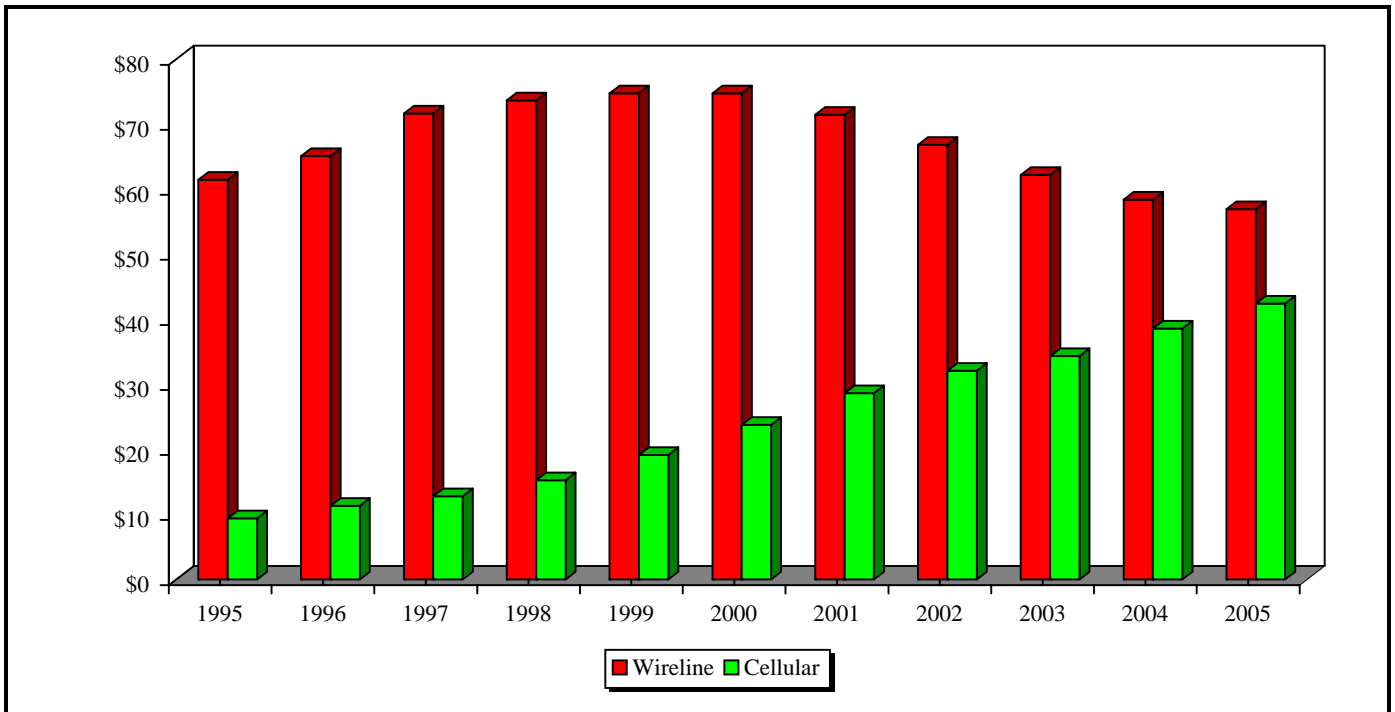


Chart 3.2
Monthly Personal Consumption Expenditures for Telephone Service per Household



4 Earnings

Beginning in the mid-1980s, local exchange carriers that file access tariffs with the Commission were required to file rate-of-return reports (FCC Form 492). The first reports were filed for the monitoring period October 1, 1985 - December 31, 1986. Carriers filed reports for each subsequent two-year monitoring period (1987-88 and 1989-90).

In 1991, carriers that became subject to price-cap incentive regulation began filing reports on a yearly basis. Non-price-cap carriers filed annual reports for each monitoring period. Table 4.1 is a summary of interstate rates of return for 1998-2005 filed by price-cap carriers. Rates of return for 1991-1997 can be found in the August 2001 *Trends* report which can be accessed at www.fcc.gov/wcb/stats.

The rates of return shown in Table 4.1 were those posted at the time of the carriers' individual FCC Form 492 filings. They do not reflect revisions filed by the carriers at a later date. Thus, they are not necessarily the official versions for regulatory purposes, but they do illustrate general industry trends. Summaries of the filings can be found on the Wireline Competition Bureau Statistical Reports web site at www.fcc.gov/wcb/stats. Copies of the FCC Form 492A reports are on file in the FCC's Reference Information Center, Courtyard Level, 445 12th Street S.W., Washington, D.C. 20554.

Table 4.1
Interstate Rate of Return Summary *
Years 1998 through 2005
Price-Cap Companies Reporting FCC Form 492A
(Final Reports for 1998 Through 2004 and Initial Report for 2005) ¹

Reporting Entity	2005	2004	2003	2002	2001	2000	1999	1998
1 BellSouth Telecommunications, Inc.	24.71 %	22.68 %	21.93 %	19.35 %	21.25 %	22.83 %	20.99 %	20.80 %
2 Qwest Corporation, Including Malheur and El Paso	28.60	25.07	22.74	20.08	19.14	19.93	19.06	16.56
SBC Communications, Inc.								
3 Southwestern Bell Telephone Company L.P.	27.92	16.38 ⁶	15.60	14.88	18.81	15.17	10.22	9.91
4 Ameritech Operating Companies	31.29	22.51	20.55	20.24	25.72	30.24	28.93	22.59
5 Nevada Bell Telephone Company	36.81	24.76	20.16	14.86	20.86	21.55	19.26	16.02
6 Pacific Bell Telephone Company	27.47	28.77	26.23	21.00	23.79	19.20	21.01	16.50
7 Southern New England Telephone Company, The	20.27	21.82 ⁶	23.93	18.47	23.57	18.21	12.12	10.99
Verizon Telephone Companies								
8 Verizon Telephone Companies (Verizon FCC Tariff No. 1) (Former Bell Atlantic Companies)	14.51	11.24	8.00	11.95	12.93	13.36	13.66	
Bell Atlantic								13.88
Bell Atlantic (NYNEX)								11.40
New England Telephone and Telegraph Co.								
New York Telephone								
9 Verizon California Inc. (California - GTCA)	28.91	34.99	29.17	28.50	28.48	25.87	22.01	17.19
10 Verizon California Inc. (California - COCA)	26.02	36.93	30.64	28.22	29.80	28.74	28.28	22.71
11 Verizon California Inc. (Arizona - COAZ)	32.00	6.17	2.05	6.99	13.25	10.9	15.57	13.80
12 Verizon California Inc. (Nevada - CONV)	28.08	28.79	28.51	24.08	26.66	28.82	20.57	24.01
13 Verizon Florida Inc. (Florida - GTFL)	32.57	28.96	24.46	22.03	29.23	21.90	18.93	14.58
14 Verizon North Inc. (COPA + COQS = COPT)	39.10	32.88 ⁶	40.74	43.61	39.71	41.05	39.58	45.97
15 Verizon North Inc. (Illinois - COIL)	41.49	41.72	60.34	54.09	53.67	44.51	41.03	14.11
16 Verizon North Inc. (Indiana - COIN)	51.58	40.36	47.34	46.06	46.55	47.67	41.40	34.61
17 Verizon North Inc. (Ohio - GTOH)	21.17	18.58	19.39	19.53	20.45	21.88	21.7	21.83
18 Verizon North Inc. (Pennsylvania - GTPA)	54.03	20.50	13.76	22.50	23.17	21.95	21.41	14.67
19 Verizon North Inc. (Wisconsin - GTWI)	13.99	11.53 ⁶	10.85	9.90	14.16	16.99	17.85	16.08
20 Verizon North/Verizon South (GTIN + GLIN = GAIN)	23.19	22.34	22.64	24.75	32.82	33.00	32.47	29.06
21 Verizon North/Contel South (GTMI + GLMI = GAMI)	18.01	14.83 ⁶	15.10	16.64	17.49	16.45	15.75	13.17
22 Verizon North/Verizon South (GTIL + GLIL = GAIL)	23.20	23.29	21.99	21.54	23.67	23.90	22.35	23.07
23 Verizon Northwest Inc. (Oregon - GTOR)	32.91	25.44	26.28	26.10	31.69	30.95	31.56	27.03
24 Verizon Northwest Inc. (West Coast CA - GNCA)	(33.60)	(9.44)	(13.80)	(5.17)	1.91	(8.35)	(9.93)	(6.85)
25 Verizon Northwest Inc. (Washington - COWA)	33.62	30.44	36.20	31.57	40.06	39.49	39.17	30.41
26 Verizon Northwest Inc. (Washington - GTWA)	33.60	33.91	29.82	28.97	34.03	33.26	32.91	27.33
27 Verizon Northwest Inc. (Idaho - GTID)	44.03	34.53	28.20	33.01	38.74	34.17	32.24	30.89
28 Verizon South Inc. (North Carolina - GTNC)	(22.63)	17.52	16.74	23.45	30.08	26.44	24.85	27.92
29 Verizon South Inc. (N. Carolina - CONC)	4.39	10.10	14.77	21.97	22.17	17.75	19.87	12.78
30 Verizon South Inc. (GTSC + COSC = GTST)	23.47	39.63	28.19	29.82	32.44	31.19	30.70	
Verizon South Inc. (Alabama - GTAL)					24.02	20.24	22.23	17.59
Verizon South Inc. (Kentucky - COKY)					30.95	20.60	9.55	5.97
Verizon South Inc. (Kentucky - GTKY)					27.21	25.07	24.03	22.34
GTE South Inc. (South Carolina - GTSC)								30.62
GTE South Inc. (South Carolina - COSC)								26.14
31 Verizon South Inc. (Virginia - COVA)	46.97	33.50	39.52	40.41	40.69	40.85	34.74	35.19
32 Verizon South Inc. (Virginia - GTVA)	22.83	24.17	(22.01)	1.76	9.53	6.62	9.94	20.56
33 GTE Southwest Inc. dba Verizon Southwest (Texas - COTX)	11.26	11.23	10.05	12.46	11.9	12.17	17.13	14.96
34 GTE Southwest Inc. dba Verizon Southwest (Texas - GTTX)	18.63	18.21	18.74	20.47	24.35	21.65	21.42	16.43
GTE Midwest Inc. (Missouri - COMO + COCM + COEM = COMT)					20.33	17.06	15.29	12.56
GTE Midwest Inc. (Missouri - GTMO)					23.92	19.15	11.82	16.08
GTE Systems of The South (Alabama - COAL)					15.77	14.93	10.88	7.97

Table 4.1
Interstate Rate of Return Summary *
Years 1998 through 2005
Price-Cap Companies Reporting FCC Form 492A - Continued
(Final Reports for 1998 Through 2004 and Initial Report for 2005) ¹

Reporting Entity	2005	2004	2003	2002	2001	2000	1999	1998
Sprint								
37 Central Telephone Company - Nevada Division	45.68 %	43.37 %	34.16 %	23.80 %	19.61 %	19.29 %	21.15 %	17.79 %
38 Sprint - Florida Incorporated	42.94	40.98 ⁶	35.54	29.41	25.89	27.38	27.17	26.14
39 Sprint Local Telephone Cos. - Eastern (NJ & PA)	56.33	55.14 ⁶	45.38	37.78	26.21	25.62	20.87	14.59
40 Sprint Local Telephone Cos. - Midwest (MO, KS, MN, NE, WY, TX)	32.3	29.17 ⁶	25.24	18.89	16.63	18.88	17.69	19.66
41 Sprint Local Telephone Cos. - North Carolina	50.81	51.62 ⁶	45.89	36.64	25.56	22.23	15.92	12.55
42 Sprint Local Telephone Cos. - Northwest (OR & WA)	33.81	23.90 ⁶	33.51	34.62	31.55	32.77	31.86	32.54
43 Sprint Local Telephone Cos. - Southeast (TN, VA & SC)	38.73	36.14 ⁶	34.34	33.76	25.33	23.32	17.50	15.87
44 United Telephone Co. of Indiana, Inc.	71.84	68.80 ⁶	46.47	41.75	35.19	38.21	28.98	24.19
45 United Telephone Co. of Ohio	46.2	39.01 ⁶	31.50	30.89	27.13	20.03	20.16	17.33
All Other Companies								
46 ALLTEL Nebraska, Inc.	28.40	14.25 ⁶	13.43	12.20	12.57	12.99	19.27	15.02
47 Kentucky ALLTEL - Lexington, Inc.	38.10	33.40 ⁶	26.75	27.78				
48 Kentucky ALLTEL - London, Inc.	23.37	25.50 ⁶	26.26	28.76				
49 CenturyTel of Belle-Hermann/So Missouri/Sw Missouri (CNMO)	28.36	22.94	14.53	4.69 ²				
50 CenturyTel of Central Missouri (CNMC)	44.95	37.88 ⁶	32.54	11.83 ²				
51 CenturyTel of Northern Alabama (CNAN)	21.54	11.97	8.23	7.49 ³				
52 CenturyTel of Southern Alabama (CNAS)	27.84	23.21	24.13	15.78 ³				
53 Cincinnati Bell Telephone Company	34.47	33.71 ⁶	32.48	28.64 ⁴	30.09	28.95	25.45	17.81
54 Citizens Comms Cos. dba Citizens Comms FCC Tariff 1 (CTC1)	32.31	34.99 ⁶	24.40	19.27	15.73	19.68	16.71	17.87
55 Citizens Comms Cos. dba Citizens Comms FCC Tariff 2 (CTC2)	29.13	37.75 ⁶	16.14	20.67	17.30	24.05	15.74	14.29
56 Citizens Comms Cos. dba Citizens Comms FCC Tariff 3 (CTC3)	16.24	12.19 ⁶	10.40	8.94	4.52	16.12	15.56	
57 Citizens Comms Cos. dba Citizens Comms FCC Tariff 4 (CTC4)	49.91	42.79 ⁶	35.38	23.31	13.08	30.94		
58 Frontier Telephone of Rochester	14.03	55.89 ⁶	10.67	11.47	12.32	18.91	16.77	18.37
59 Frontier Tier 2 Concurring Companies	50.77	11.45 ⁶	38.49	33.34	38.12	38.95	43.42	45.45
60 Frontier Comms of Minnesota & Frontier Comms of Iowa	25.12	33.67 ⁶	32.16	31.15	25.24	33.16	35.40	29.28
61 Citizens Telecommunications Cos. (CTC5)			40.37	4.90	0.86	(11.23)		
62 Hawaiian Telecom	21.88	9.44 ⁷	16.96	15.30	16.72	17.87	17.62	15.64
63 Iowa Telecom Service Group	19.36	17.30 ⁶	17.58 ⁵	14.26 ⁴	13.07			
64 Iowa Telecom Systems Service Group	19.14	20.16	23.97 ⁵	20.47 ⁴	18.45			
65 Micronesian Telecommunications Corp.	37.67	43.52 ^{6,7}	33.91	32.75	21.83	23.58	29.24	34.45
66 Valor New Mexico #1164	28.25	22.96 ⁶	18.45	16.86	11.45	20.67		
67 Valor New Mexico #1193	17.77	21.16 ⁶	20.41	15.88	8.39	13.35		
68 Valor Oklahoma	19.38	15.29 ⁶	8.69	9.31	11.65	11.22		
69 Valor Texas	18.08	13.47 ⁶	15.21	10.66	5.70	5.24		

Maximum Rate of Return	71.84 %	68.80 %	59.89 %	54.09 %	53.67 %	47.67 %	43.42 %	48.69 %
Minimum Rate of Return	(33.60)	(9.44)	(17.50)	(5.17)	0.86	(11.23)	(9.93)	(25.83)
Weighted Arithmetic Mean	23.48	20.44	18.06	17.69	19.62	18.04	18.50	15.60
Standard Deviation	9.13	9.00	8.63	5.69	5.80	5.17	5.96	3.96

* The interstate rates of return reported by carriers on the FCC Form 492A may not necessarily agree with the interstate rates of return reported by the carriers on other Commission forms. For example, price-cap carriers also report interstate rates of return on the Commission's Automated Reporting Management Information System's (ARMIS) 43-01 report. The interstate rates of return reported by carriers on the ARMIS 43-01 include revenues and costs for non-price-cap services.

¹ For years 1991 - 1997, see Industry Analysis Division, Common Carrier Bureau, *Trends in Telephone Service* (August 2001).

² For the reporting period 9/1/02 - 12/31/02.

³ For the reporting period 7/1/02 - 12/31/02.

⁴ For final 2002, there were no changes to the preliminary.

⁵ For final 2003, there were no changes to the preliminary.

⁶ For final 2004, there were no changes to the preliminary.

⁷ Verizon sold these companies in 2005.

5 Employment and Labor Productivity

The Bureau of Labor Statistics (BLS) publishes monthly data regarding the total number of employed workers in the communications industry. Specifically, BLS compiles employment statistics for the entire telephone communications industry.¹ These are classified according to the North American Industry Classification System (NAICS).

NAICS is a collaborative effort between the United States, Canada, and Mexico to provide new comparability in statistics about business activity across North America. The telecommunications industry subsector (517) can be found in the NAICS *Information Sector – 51*. The industry groups under telecommunications are as follows: wired telecommunications carriers (5171); wireless telecommunications carriers – wireless (excluding satellite), paging, cellular and other wireless (5172); telecommunications resellers (5173); telecommunications distribution (5175); and other telecommunications (5179). Further information on NAICS can be found on the Census Bureau web site at <http://www.census.gov/epcd/www/naics.html>.

Table 5.1 and the associated graph show the information compiled by BLS for the annual average employment figures for the telecommunications industry – NAICS 517, as well as the industry distributions for wired telecommunications carriers – NAICS 5171, wireless telecommunications carriers – NAICS 5172, telecommunications resellers – NAICS 5173, and cable and other program distribution – NAICS 5175. Wireless telecommunications carriers' employees are further shown for cellular and other wireless carriers – NAICS 517212. Monthly employment data for these categories from 1990 to the present can be found on the BLS web site at www.bls.gov.

Table 5.2 and the associated graph show the information compiled by BLS for the labor productivity index for wired telecommunications carriers – NAICS 5171 and wireless telecommunications carriers – NAICS 5172. The BLS index of labor productivity relates output to the employee hours expended in producing that output.

Table 5.3 presents estimates of the number of telecommunications service providers that the Small Business Administration's Office of Size Standards defines as small businesses (i.e., 1,500 or fewer employees, including all affiliates).

¹ BLS used to compile data based on the Standard Industrial Classification (SIC) system. With the May 2003 data, the employment series underwent a complete industry reclassification, changing from the 1987 SIC system to the 2002 NAICS. Employment statistics from 1951 to 2002 based on the SIC system can be found in Table 5.1 of the Industry Analysis and Technology Division, Wireline Competition Bureau, *Trends in Telephone Service* (August 2003). The Labor Productivity Index for the telephone communications industry for the years 1951 to 2002 based on the SIC system can also be found in the August 2003 edition of *Trends* in Table 5.2.

Table 5.1
Annual Average Number of Employees in the Telecommunications Industry
(In Thousands)

Year	Telecom Carriers 517	Wired Telecom Carriers 5171	Wireless Telecom Carriers 5172	Cellular and Other Wireless Carriers 517212	Telecom Resellers 5173	Cable and Other Program Distribution 5175
1990	980.3	672.2	35.8	30.4	179.5	70.1
1991	973.1	662.7	41.8	35.4	178.1	71.3
1992	946.0	637.2	47.8	40.3	172.6	72.7
1993	942.2	624.5	56.3	47.4	170.5	75.8
1994	961.1	621.9	71.7	60.3	171.8	80.4
1995	975.7	611.1	90.3	75.9	171.2	86.6
1996	997.0	603.2	110.1	92.5	171.6	94.6
1997	1,059.5	629.9	132.1	111.0	181.3	96.9
1998	1,107.8	652.1	144.2	121.1	188.7	102.4
1999	1,179.7	688.1	160.0	134.3	200.2	110.9
2000	1,262.6	719.2	185.6	155.7	213.6	123.0
2001	1,302.1	732.2	201.4	171.0	214.1	129.2
2002	1,186.5	650.7	197.3	170.4	179.5	130.3
2003	1,082.3	579.2	189.8	166.9	154.9	132.5
2004	1,034.6	548.3	189.0	168.3	149.8	129.6
2005	998.7	514.3	192.3	172.5	135.1	133.8

Source: Bureau of Labor Statistics.

Chart 5.1
Annual Average Number of Employees in the Telecommunications Industry
(In Thousands)

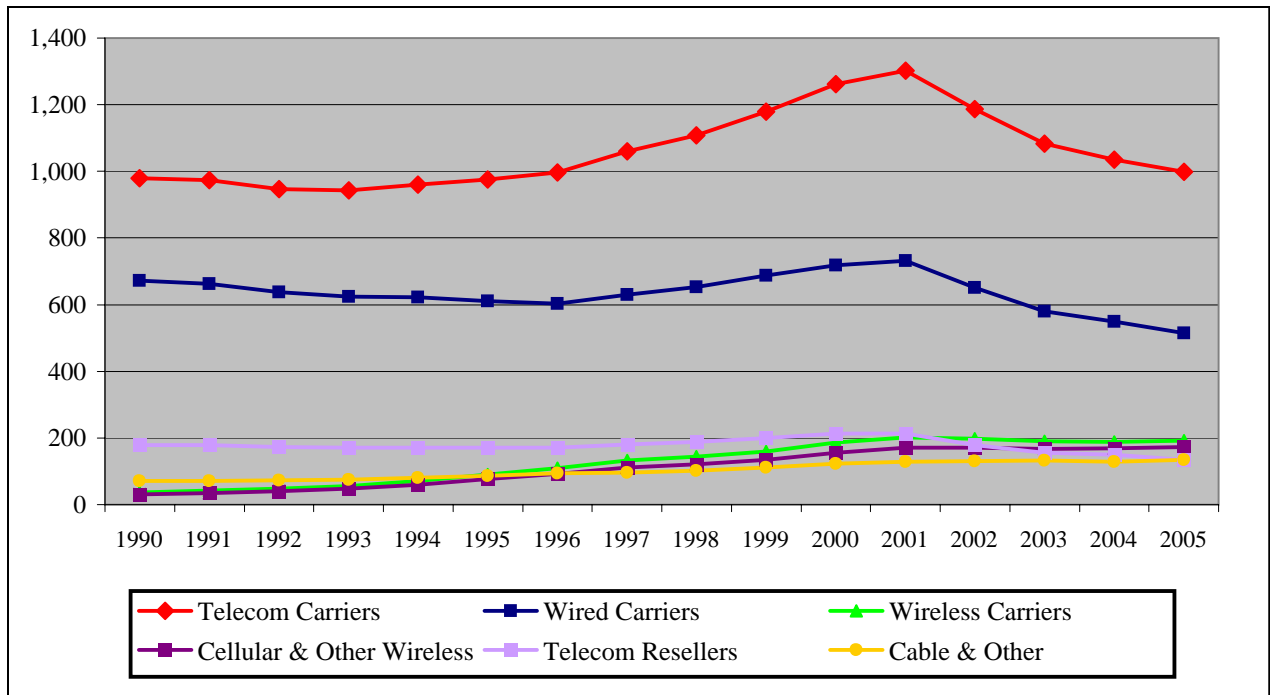


Table 5.2
Labor Productivity Index for the Wired and Wireless
Telecommunications Industry Measured in Output per Hour (OPH)
(Base Year 1997 = 100)

Year	Wired Carriers (NAICS 5171)	Wireless Carriers (NAICS 5172)
1988	62.02	77.86
1989	65.26	76.97
1990	66.04	70.38
1991	68.07	66.17
1992	72.13	74.42
1993	76.85	83.81
1994	82.41	89.59
1995	87.59	90.05
1996	96.50	101.66
1997	100.00	100.00
1998	107.73	110.48
1999	116.65	145.21
2000	122.68	152.76
2001	116.74	191.88
2002	124.13	217.94
2003	130.24	242.49
2004	131.32	288.74

Source: Bureau of Labor Statistics

Chart 5.2
Wired and Wireless Telecommunications Carriers
(NAICS 5171 and 5172) Labor Productivity Index

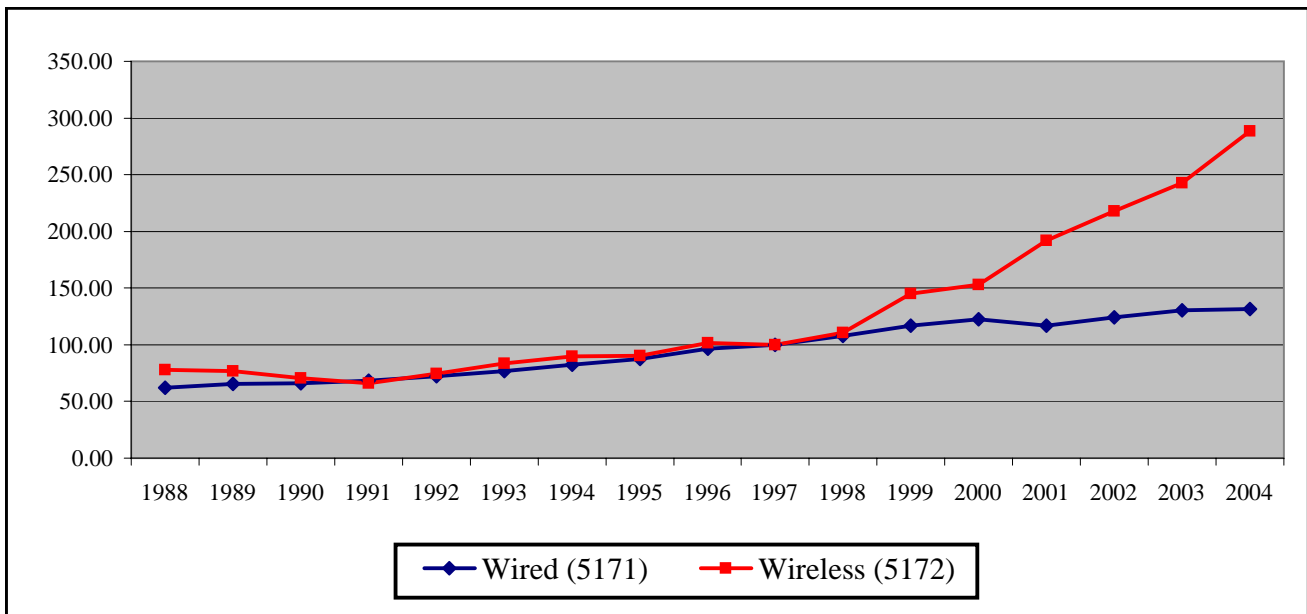


Table 5.3
Number of Telecommunications Service Providers by Size of Business
(As of October 20, 2005)

Type of Provider	Number of FCC Form 499-A Filers ¹	Filers that in Combination with Affiliates Have	
		1,500 or Fewer Employees ²	More than 1,500 Employees ²
Incumbent Local Exchange Carriers (ILECs)	1,307	1,019	288
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	859	741	118
Local Resellers	184	181	3
Shared-Tenant Service Providers	16	16	0
Other Local Service Providers	44	43	1
Total Local Competitors	1,103	981	122
Total Fixed Local Service Providers	2,410	2,000	410
Payphone Service Providers	657	653	4
Private Service Providers	59	54	5
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	432	221	211
Paging and Messaging Service Providers	365	360	5
Specialized Mobile Radio (SMR) Dispatch	187	187	0
Wireless Data and Other Mobile Service Providers	47	46	1
Total Wireless Service Providers	1,031	814	217
Interexchange Carriers (IXCs)	330	309	21
Operator Service Providers (OSPs)	23	22	1
Prepaid Calling Card Providers	104	102	2
Satellite Service Providers	44	41	3
Toll Resellers	881	853	28
Other Toll Carriers	93	91	2
Total Toll Service Providers	1,475	1,418	57
All Filers	5,632	4,939	693

Holding Company Analysis			
Filers without Affiliates:			
Holding Company Level	3,592	3,575	17
Filer Level	3,592	3,575	17
Filers with Affiliates ³ :			
Holding Company Level	513	468	45
Filer Level	2,040	1,364	676
Total, Holding Company Level	4,105	4,043	62
Total, Filer Level	5,632	4,939	693

Note: Estimates are based on gross revenue data filed on the 2005 FCC Form 499-A worksheets, and public employment data from ARMIS and Securities and Exchange Commission filings. Filers were considered affiliated based on information from their FCC Form 499-A filings. These estimates do not reflect affiliates that do not provide telecommunications service or that operate solely outside the United States.

¹ While FCC Form 499-A filings are not publicly available, filer registration information is published by the Industry Analysis and Technology Division (IATD) in the *Telecommunications Provider Locator* (March 2006), which can be accessed at www.fcc.gov/wcb/stats. This same information is searchable online at www.fcc.gov/wcb/iatd/locator.html.

² Employee counts are estimated at the holding company level, yet presented at the filer level. If our analysis indicates that, at the holding company level, a group of filers together employs more than 1,500 people, then each of the individual filers that comprise the holding company are entered in the column labeled as such. Therefore, our estimates **do not imply** that each or any of the individual filers alone employs more than 1,500 persons.

³ In some cases, affiliated companies may file a single FCC Form 499A for all operations. Such consolidated filings are included in this category.

Source: FCC Form 499-A filings and IATD staff estimates.

6 International Telephone Service

International telecommunications has become an increasingly important segment of the telecommunications market. International telephone calling -- propelled by technological innovation, and increased international trade and travel -- has skyrocketed. In 1980, customers in the United States were billed for almost 2 billion minutes of calls to international points. This figure increased to 8 billion in 1990, 30 billion in 2000, and 64 billion in 2004. Americans spent \$9.2 billion on international calls in 2004. On average, carriers billed 14 cents per minute for international calls in 2004, a decline of 90% since 1980, and 72% since 2000. International private line revenues increased through 2000 but have declined significantly since then. These trends are shown in Table 6.1. Chart 6.1 shows the trends in billed revenues per minute and per call since 1980.

U.S. and foreign carriers compensate each other when one carries traffic that the other bills. Because Americans place more calls than they receive, U.S. carriers make substantial net payments to foreign carriers -- \$3.6 billion in 2004. Falling compensation rates have more than offset the growth in traffic in recent years. Trends in settlement payments are shown in Table 6.2.

International traffic data are available on a country-by-country basis. Table 6.3 summarizes traffic by region of the world. Five markets -- Canada, Mexico, the United Kingdom, Germany, and India -- currently account for about 38% of the international billed minutes in the United States. Chart 6.2 shows the percentage breakout for the five markets.

Since 1985, when MCI began to compete with AT&T for international calls, numerous carriers have begun to provide international service. Seventy-two carriers provided international telecommunications service in 2004 by using their own facilities or lines leased from other carriers. These carriers provided \$8.7 billion of international telephone service between the U.S. and foreign points, \$458 million of international private line service, and \$136 million other miscellaneous international services. Table 6.4 shows the U.S.-billed revenues for the 54 carriers that did not request confidential treatment. Together, AT&T, MCI, and Sprint, accounted for 78% of the international service billed in the United States.

Seven hundred and eighteen carriers reported revenues for international message telephone service that they provided on a pure resale basis. These carriers reported \$5.2 billion of pure resale revenues in 2004. Table 6.5 shows pure resale revenues for the carriers with the highest pure resale messages, minutes and revenues.

The data compiled in Tables 6.1 - 6.5 are filed pursuant to section 43.61 of the Commission's rules. Preliminary data are filed July 31st of each year and final data are filed October 31st. Additional information can be found in a number of international reports on the Internet on the Wireline Competition Bureau Statistical Reports web page at www.fcc.gov/wcb/stats.

Table 6.1
International Service from the United States
 (Minute, Message, and Revenue Amounts Shown in Millions)

	Telephone Service					Other Services			
	Minutes	Messages	Billed Revenues			Billed Revenues			
			Total End-User ¹	Per Minute ²	Per Call	Telex	Telegraph	Private Line	Misc. Services
1980	1,569	199	\$2,097	\$1.34	\$10.53	\$325	\$63	\$115	
1981	1,857	233	2,239	1.21	9.61	350	62	126	
1982	2,187	274	2,382	1.09	8.70	363	56	138	
1983	2,650	322	2,876	1.09	8.92	379	54	154	
1984	3,037	367	3,197	1.05	8.71	394	46	158	
1985	3,446	411	3,487	1.01	8.49	415	45	172	
1986	4,126	482	4,004	0.97	8.30	390	42	175	
1987	4,819	570	4,751	0.99	8.33	360	35	191	
1988	5,679	687	5,806	1.02	8.45	310	30	194	
1989	6,751	835	6,912	1.02	8.28	243	27	208	
1990	8,030	984	8,059	1.00	8.19	196	24	201	
1991	9,072	1,384	9,263	1.02	6.69	201	15	309	\$23
1992	10,294	1,663	10,382	1.01	6.25	156	16	323	24
1993	11,513	1,945	11,564	1.00	5.95	136	12	366	23
1994	13,616	2,347	12,543	0.92	5.35	123	12	441	25
1995	15,889	2,830	14,335	0.90	5.07	120	6	514	48
1996	19,325	3,520	14,598	0.76	4.15	119	5	661	26
1997	22,753	4,259	15,661	0.69	3.68	110	4	851	28
1998	24,250	4,477	14,726	0.61	3.29	64	2	921	36
1999	28,515	5,305	14,980	0.53	2.82	57	2	1,216	31
2000	30,135	5,742	14,909	0.49	2.60	33	1	1,480	251
2001	33,287	6,265	11,380	0.34	1.82	10	*	1,419	199
2002	35,064	5,926	9,956	0.28	1.64	**	**	988	113
2003	42,664	7,350	8,944	0.21	1.22	**	**	620	156
2004	63,553	10,895	9,178	0.14	0.84	**	**	458	137

Note: Data represent traffic and circuits from all U.S. points.

* Denotes revenues less than \$500,000.

** Data not filed.

¹ Billed revenues in Table 6.1 differ from billed revenues in Table 6.3. The amounts shown here represent charges to end-user customers and equal the amounts billed by underlying carriers plus estimated reseller markups. The amounts shown in Table 6.3 are the amounts reported by the underlying carriers that carried the traffic to foreign destinations.

² Billed revenue per minute for international service differs in Table 6.1 and Table 13.3. Data in Table 6.1 are calculated using all U.S. billed minutes and revenues. Data for Table 13.3 represent charges for most U.S. billed calls that originate or terminate in the United States. International-to-international revenues and reorigination, country-beyond and country-direct minutes are not included in that table.

Source: International Bureau, *Trends in the International Telecommunications Industry* (September 2005).

Data for 2004 from International Bureau, *International Telecommunications Data* (March 2006).

Chart 6.1
Billed Revenues per Minute and per Call

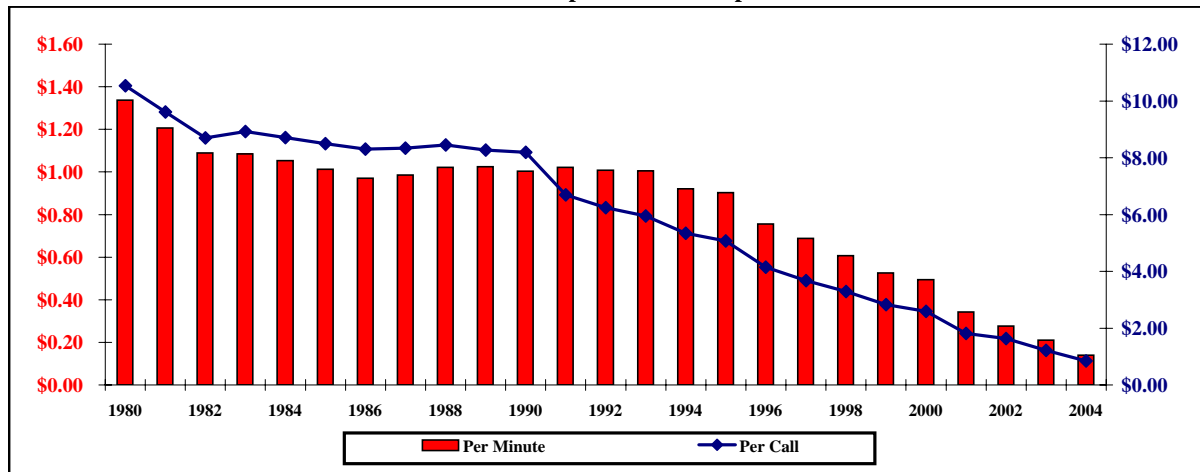


Table 6.2
International Telephone Service Settlements
(Revenue Amounts Shown in Millions)

	End-User Billed Revenues 1/	Owed to Foreign Carriers	Retained End-User Revenues 1/	Due from Foreign Carriers 2/	Net Settlements	Net End-User Revenues 1/	Average per Minute		
							Settlement Owed to Foreign Carriers for U.S. Billed Calls	Settlement Due from Foreign Carriers for Foreign Billed Calls	U.S. Carrier Net End-User Revenues All Traffic 3/
1980	\$2,097	\$1,063	\$1,034	\$716	(\$347)	\$1,750	\$0.68	0.62	\$0.64
1981	2,239	1,330	910	799	(531)	1,708	0.72	0.56	0.52
1982	2,382	1,674	708	961	(712)	1,670	0.77	0.60	0.44
1983	2,876	2,036	841	1,086	(950)	1,926	0.77	0.60	0.43
1984	3,197	2,269	928	1,066	(1,203)	1,994	0.75	0.54	0.40
1985	3,487	2,398	1,089	1,243	(1,155)	2,332	0.70	0.55	0.41
1986	4,004	2,865	1,140	1,396	(1,469)	2,536	0.69	0.56	0.38
1987	4,751	3,423	1,328	1,671	(1,752)	2,999	0.71	0.59	0.39
1988	5,806	4,039	1,767	1,906	(2,133)	3,674	0.71	0.59	0.41
1989	6,912	4,735	2,177	2,213	(2,523)	4,390	0.70	0.58	0.42
1990	8,059	5,297	2,762	2,426	(2,871)	5,188	0.66	0.56	0.42
1991	9,263	5,852	3,411	2,536	(3,317)	5,946	0.65	0.51	0.42
1992	10,382	6,008	4,375	2,650	(3,357)	7,025	0.58	0.46	0.44
1993	11,564	6,372	5,192	2,667	(3,705)	7,859	0.55	0.43	0.44
1994	12,543	7,010	5,533	2,719	(4,291)	8,252	0.51	0.39	0.40
1995	14,335	7,569	6,766	2,631	(4,938)	9,397	0.48	0.35	0.40
1996	14,598	8,252	6,345	2,594	(5,658)	8,939	0.43	0.30	0.32
1997	15,661	8,031	7,630	2,602	(5,429)	10,232	0.35	0.27	0.31
1998	14,726	7,022	7,704	2,538	(4,484)	10,242	0.29	0.21	0.28
1999	14,980	6,383	8,597	1,782	(4,601)	10,379	0.22	0.15	0.26
2000	14,909	5,536	9,373	1,609	(3,927)	10,982	0.18	0.11	0.25
2001	11,380	4,526	6,854	1,181	(3,346)	8,034	0.14	0.08	0.17
2002	9,956	3,733	6,223	892	(2,842)	7,114	0.11	0.05	0.14
2003	8,944	3,649	5,295	873	(2,777)	6,167	0.09	0.04	0.10
2004	9,188	4,623	4,530	1,016	(3,642)	5,546	0.07	0.04	0.07

Note: Data represent traffic to and from all U.S. points.

1/ Billed revenues in Table 6.2 differ from billed revenues in Table 6.3. The amounts shown here represent charges to end-user customers and equal the amounts billed by underlying carriers plus estimated markups, where service was provided through resellers. The amounts shown in Table 6.3 are the amounts reported by the underlying carriers. Similar differences exist for retained end-user and net revenues.

2/ Beginning in 1991, includes net settlement receipts for transiting traffic.

3/ Beginning in 1991, includes transiting traffic.

Source: International Bureau, *Trends in the International Telecommunications Industry* (September 2005).

Data for 2004 from International Bureau, *International Telecommunications Data* (March 2006).

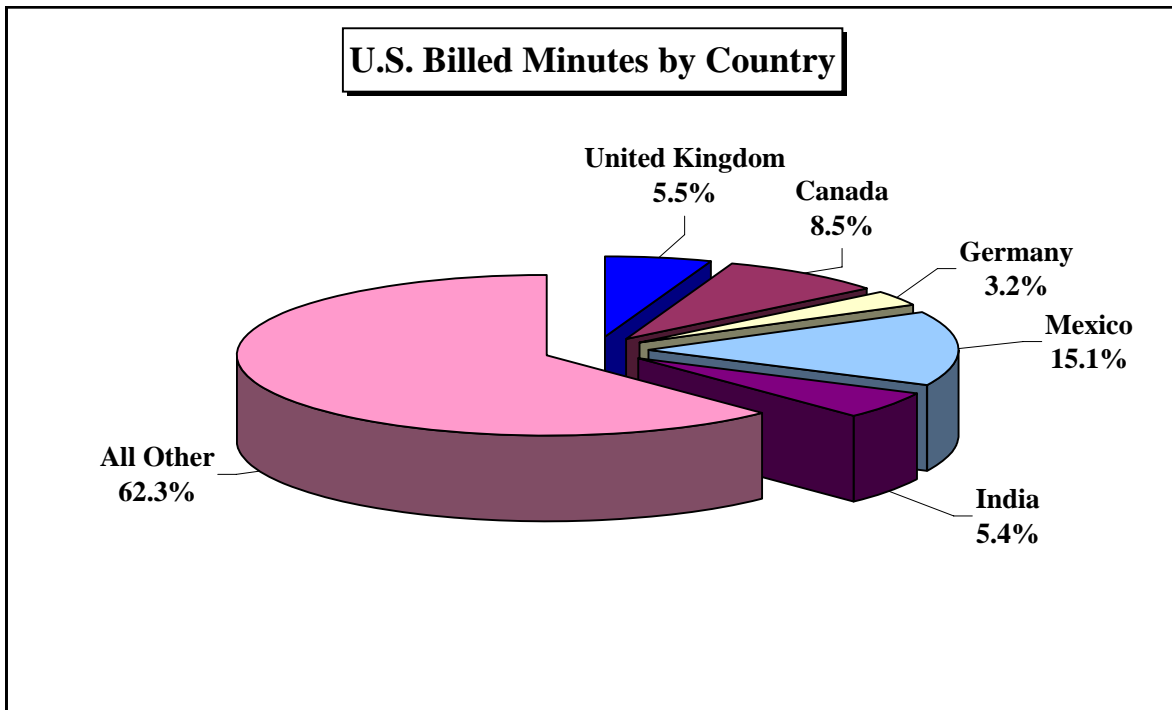
Table 6.3
International Message Telephone Service for 2004
(Figures Rounded to the Nearest Million)

Region of the World ¹	Traffic Billed in the United States					Traffic Billed in Foreign Countries				Total U.S. Carrier Retained Revenues
	Number of Messages	Number of Minutes	U.S. Carrier Revenues	Owed to Foreign Carriers	Retained Revenues	Originating or Terminating in the United States		Transiting	Retained Revenues	
						Number of Messages	Number of Minutes			Due from Foreign Carriers
Africa	589	2,652	\$457	\$319	\$138	52	288	\$21	\$2	\$161
Asia	2,054	12,022	1,831	1,136	695	435	2,688	184	6	886
Caribbean	702	4,611	681	387	294	146	533	27	1	322
Eastern Europe	540	3,268	383	232	150	38	283	14	5	170
Middle East	456	2,270	362	229	132	90	496	17	4	154
North and Central America	2,323	20,587	2,520	1,126	1,393	1,819	9,444	224	41	1,658
Oceania	260	1,365	179	78	101	65	467	15	5	122
Other Regions	3	3	4	3	1	5	2	*		1
South America	662	6,052	657	330	328	172	1,003	68	11	407
Western Europe	3,297	10,809	1,577	780	797	1,112	4,365	142	225	1,164
Total for Foreign Points	10,834	63,400	8,639	4,612	4,027	3,911	19,425	707	301	5,035
Total for U.S. Points	<u>56</u>	<u>253</u>	<u>14</u>	<u>10</u>	<u>4</u>	<u>24</u>	<u>153</u>	<u>8</u>	<u>*</u>	<u>11</u>
Total for All International Points	10,890	63,653	\$8,653	\$4,623	\$4,031	3,936	19,578	\$715	\$301	\$5,047

* Denotes values that are less than half a million.

¹ The region totals include all international traffic reported by carriers serving domestic U.S. points including Guam and the U.S. Virgin Islands. Most traffic between Guam, the U.S. Virgin Islands, American Samoa and Northern Mariana Islands and other U.S. points are shown separately as the total for U.S. points, and also are included in the total for all international points. The total for all international points also includes all traffic originating in American Samoa and the Northern Mariana Islands, which is excluded from the region totals.

Chart 6.2



Source: International Bureau, *International Telecommunications Data* (March 2006).

Table 6.4
U.S. Billed Revenues of Facilities-Based and Facilities-Resale Carriers in 2004 1/
(Revenue Amounts Shown in Millions)

	International Service			Total International Billed Revenues
	Telephone	Private Line	Miscellaneous	
A.M.S. Voicecom, Inc.	*			*
ABS-CBN Telecom North America, Inc.	3			3
American Samoa Telecomm. Authority	1			1
Americatel, Inc.	32			32
AT&T Corp.	3,310	164		3,474
Bestel USA Inc.	41			41
Cable & Wireless Americas Operations, Inc.		4		4
Centennial Puerto Rico Operations Corp.	3			3
Cinergy Telecommunications, Inc.			8	8
Colt Telecommunications		6		6
Comsat International		5		5
Comunitel Global, S.A.				
DataAccess Ltd.	55			55
Embratel Americas, Inc.		*		*
France Telecom Long Distance USA, LLC	10		2	12
Geocomm Corporation		*		*
GNG Networks America, Inc.		*		*
Harris Corporation/MCS	1			1
IDT Corporation	727			727
IMPSAT USA, Inc.		17		17
Intelsat USA License Corp.		8		8
International Access d/b/a Access Int'l.	24			24
IT&E Overseas, Inc.	7	2		8
Japan Telecom America, Inc.		5		5
KDDI America, Inc.	10	10		20
KGM Circuit Solutions, LLC		1		1
KPN-INS, Inc.	23			23
Level 3 Communications, LLC		6		6
Lockheed Martin Corporation		21		21
MCI, Inc.	1,760	137		1,896
NDNT, Inc.		1		1
Norlight Telecommunications, Inc.		*		*
NTT America, Inc.		9		9
Orbitel S.A. E.S.P.	20	4		24
Philippine Long Distance Telephone Co., Ltd.	19			19
Primus Telecommunications, Inc.	235			235
Qwest Services Corporation		11		11
Reliance Communications, Inc.	165	1		166
Satellite Communication Systems, Inc.	*	1		1
Sierra USA Communications, Inc.	1			1
Sprint Nextel Corporation	1,718	37	120	1,875
Startec Global Communications Corporation	9			9
Swisscom North America		2		2
Telecom Argentina USA, Inc.	7			7
Telecom Italia Sparkle of North America, Inc	117			117
Telecomunicaciones Ultramarinas-Puerto Rico		*		*
Telefonica Larga Distancia, Inc. (TLD)	4	*		5
Telekom Malaysia (USA), Inc.		*		*
Telenor Global Services AS	*			*
Telmex		3		3
UniPlex Telecom Technologies, Inc.	4		*	4
Universal Telecom Services, Inc.		1		1
Viatel Holding (Bermuda) Limited		*		*
WilTel Communications, LLC	45		6	51
Total All Carriers 2/ 3/	\$8,653	\$458	\$136	\$9,341

* Represents revenues greater than \$0 but less than \$500,000.

- 1/ Totals exclude pure resale services. Data do not show settlement receipts for terminating foreign billed traffic.
2/ Includes revenues reported for American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. Also includes \$14 million of revenues for calls between the domestic United States and these points.
3/ Totals include revenues for 18 carriers that requested confidential treatment. These carriers reported \$303 million of telephone service and \$94 million of private line service revenues.

Source: International Bureau, *International Telecommunications Data* (March 2006).

**Table 6.5
Top Providers of Pure Resale International MTS in 2004**

	Number of Messages (Millions)	Number of Minutes (Millions)	U.S. Carrier Revenues (\$ Millions)	Percent of Total IMTS Resale Revenues
Acceris Communications Corp.	39	386	\$53	1.01 %
ACN Communication Services, Inc.	2	19	10	0.19
ALLTEL Corporation	5	37	9	0.18
Americatel, Inc.	28	386	86	1.65
AT&T Corp.	113	550	180	3.44
Bak Communications, LLC	8	118	6	0.11
Broadwing, Inc.	12	60	31	0.58
CenturyTel Long Distance, LLC	1	10	8	0.16
Cingular Wireless LLC	125	563	280	5.33
Citizens Communications Company	6	21	6	0.12
Comcast	7	69	20	0.37
Covista Communications	5	28	4	0.08
Cox Communications, Inc.	9	71	23	0.44
Deutsche Telekom AG	118	647	191	3.63
Dialaround Enterprises, Inc.	8	57	4	0.08
Embratel Americas, Inc.	36	73	15	0.29
Global Crossing, Ltd	121	512	378	7.20
Gold Line Telemanagement, Inc.	17	62	9	0.16
Grande Communications	23	238	9	0.17
IDT Corporation	612	7,138	568	10.82
Intellicall Operator Services, Inc.	2	20	8	0.15
Long Distance of Michigan, Inc. d/b/a LDMI Tele-	4	34	7	0.13
MCI, Inc.	156	932	117	2.23
McLeodUSA Incorporated	11	28	4	0.08
MetroPCS, Inc.	4	21	4	0.08
NECC Telecom, Inc.	12	117	15	0.29
Net One International, Inc.	0	40	5	0.09
Network Communications International Corporation	0	1	8	0.15
NobelTel, LCC	30	197	22	0.42
NOS Communications, Inc.	9	78	14	0.27
PaeTec Communications, Inc.	15	59	15	0.28
PT-1 Long Distance, Inc.	41	311	42	0.79
Qwest Communications International, Inc.	1,087	6,508	452	8.61
Reliance Communications International, Inc.	22	266	33	0.62
Sage telecom, Inc.	1	12	5	0.09
SBC Communications, Inc.	248	1,785	490	9.34
Sprint Nextel Corporation	163	842	219	4.17
Startec Global Communications Corporation	50	254	39	0.73
Supra Telecommunications & Information Services, Inc	7	48	10	0.18
Talk America Inc.	11	88	16	0.31
Telecom Italia of North America, Inc.	70	364	23	0.44
TeleDirect Telecommunications Group, LLC	78	286	27	0.51
Total Call International, Inc.	2	24	5	0.09
Trinsic Communications, Inc	8	56	4	0.08
United States Cellular Corporation	4	20	9	0.16
VarTec Telecom Holding	46	223	50	0.96
Verizon Communications, Inc.	118	645	69	1.31
Western Wireless International Enterprises, Inc.	31	164	25	0.49
WilTel Communications, LLC	896	4,268	265	5.04
Working Assets Funding Services, Inc.	3	27	12	0.23
Total for 24 Companies Requesting Confidential Treatment	1,702	8,687	1,217	23.19
Total for 644 Companies Not Shown Above 1/	240	1,039	129	2.47
Total for all Reporting Carriers	6,366	38,492	\$5,248	100.00 %

1/ Data are consolidated for affiliated carriers. A total of 718 companies made a total of 794 filings.

Source: International Bureau, *International Telecommunications Data* (March 2006).

7 Lines

Within the telephone industry there are several alternative, but closely related, definitions of telephone lines or loops. While these differences often make it difficult to reconcile data from different statistical series, they are not usually large enough to affect comparisons among companies or trends over time. Since 1970, over 90% of households and virtually all businesses have subscribed to telephone service. Until 2000, line growth over time, averaging about 3% per year, has historically reflected growth in the population and the economy. Since then, the number of lines provided by wireline carriers has declined, likely due to some consumers substituting wireless service for wireline service, and some households eliminating second lines when they move from dial-up Internet service to broadband service.

Table 7.1 shows the nation's total number of telephone lines using three alternative measures. The first measure is the number of end-user switched access lines for both incumbent local exchange carriers (LECs) and competitive local exchange carriers (CLECs) as reported to the Commission on the FCC Form 477. These data undercount lines by a small amount because carriers with less than 10,000 lines in a state were not required to file the FCC Form 477 prior to September 2005. The second measure is the number of local loops, which is a way of counting lines that is used to determine the amount of high-cost universal service support provided to eligible telecommunications carriers. The number of local loops includes end-user access lines, lines resold to other carriers and UNE loops with switching (UNE-P). This measure excludes CLEC lines provided over their own facilities. The third measure, access lines, represents estimates for the whole incumbent LEC industry based on data filed with the Commission by large incumbent LECs through the Automated Reporting Management Information System (ARMIS). This measure excludes a substantial number of incumbent LEC lines provided to CLECs as UNE-P lines between 2001 and 2005.

Table 7.2 shows the number of local exchange operating areas (study areas – company's operations in one state) and loops in each state, and shows breakdowns by loops for price-cap and average-schedule companies.¹ Table 7.3 shows the number of loops by holding companies, and Chart 7.1 shows the five largest holding companies' share of loops.

Table 7.4 compares residential local loops with the number of households with telephone service. Before 2001, the difference between these series was an approximate measure of the number of non-primary residential lines. However, beginning in 2001, a significant number of households started replacing wireline service with wireless service, requiring an adjustment be made to account for wireless only households. Table 7.4

¹ Average schedule companies have been permitted by the Commission to estimate their access settlements and universal service support through the use of average schedules to avoid the difficulties and expenses involved with conducting company-specific cost studies.

shows that the number of non-primary residential lines grew dramatically from 2.3 million in 1988 to 26.3 million in 2001 and then decreased back to 12.1 million in 2005.

Tables 7.5 and 7.6 display payphone line information. Long distance carriers are required to pay payphone owners 49 cents for every completed dial-around call (calls where the consumer chooses the long distance carrier over the payphone's presubscribed long distance carrier).² Because of this requirement, several long distance carriers employ the National Payphone Clearinghouse to administer payments on their behalf. On an annual basis, the National Payphone Clearinghouse³ supplies the FCC with data that allow the number of payphones in each state to be calculated.

Table 7.5 shows the number of payphones owned by LECs and by independent payphone operators in each state. The number of payphones is broken down by whether the payphones are served by an RBOC or by another LEC. Payphones located in RBOC territories but served by a CLEC are accounted for in the RBOC territories columns. Similarly, payphones located in non-RBOC territories (i.e., other incumbent LEC territories) but served by a CLEC are accounted for in the all other LEC territories columns. Data for earlier years can be found in earlier editions of *Trends*.

Table 7.6 shows the number of payphones over time. The National Payphone Clearinghouse began providing detailed data to the Commission starting with data as of March 31, 1999. Where possible, data from the payphone proceedings were used to fill values for 1997 and 1998 (see the footnotes to Table 7.6 for citations).

² See *Report and Order*, CC Docket 03-225, adopted Jul. 27, 2004.

³ Further information on the National Payphone Clearinghouse can be found at <https://www.npc.cc/home.aspx>.

Table 7.1
U.S. Wireline Telephone Lines

Year End	CLEC and ILEC Lines ¹	Annual Growth (%)	ILEC Local Loops ²	Annual Growth (%)	ILEC Access Lines ³	Annual Growth (%)
1980			102,216,367			
1981			105,559,222	3.3 %		
1982			107,519,214	1.9		
1983			110,612,689	2.9		
1984			112,550,739	1.8	113,832,113	
1985			115,985,813	3.1	117,384,865	3.1 %
1986			118,289,121	2.0	120,730,205	2.8
1987			122,789,249	3.8	124,625,693	3.2
1988			127,086,765	3.5	126,899,632	1.8
1989			131,504,568	3.5	130,860,026	3.1
1990			136,114,201	3.5	134,685,732	2.9
1991			139,412,884	2.4	139,613,309	3.7
1992			143,341,581	2.8	142,367,463	2.0
1993			148,106,159	3.3	147,033,132	3.3
1994			153,447,946	3.6	151,543,061	3.1
1995			159,658,662	4.0	158,152,644	4.4
1996			166,445,580	4.3	165,350,308	4.6
1997			173,866,799	4.5	173,857,193	5.1
1998			179,849,045	3.4	180,516,161	3.8
1999	189,397,096		185,002,911	2.9	186,594,497	3.4
2000	192,432,431	1.6 %	188,499,586	1.9	187,581,092	0.5
2001	191,570,800	-0.5	185,587,160	-1.5	179,811,283	-4.1
2002	189,250,143	-1.2	180,095,333	-3.0	172,265,210	-4.2
2003	182,933,281	-3.3	173,140,710	-3.9	161,376,638	-6.3
2004	177,690,711	-2.8	165,978,892	-4.1	154,590,517	-4.2
2005	175,160,940	-1.4	157,041,487	-5.4	147,661,287	-4.5

NA indicates not available.

¹ Include end-user switched access lines for competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) as reported in the FCC Form 477. Carriers with greater than 10,000 lines in a state were required to report. Beginning with June 2005 data, all LECs are required to report.

² Include end-user switched access lines, resold lines, and UNE-P lines.

³ Beginning in 2001, a substantial number of ILEC lines provided to CLECs as UNE-P lines are not included in this total.

Source: CLEC and ILEC access lines: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of December 31, 2005* (July 2006). Local loops: National Exchange Carrier Association, Universal Service Fund filings. Access Lines: Industry Analysis and Technology Division, Wireline Competition Bureau, *Statistics of Communications Common Carriers, 2004/2005 Edition* (November 2005), Table 4.10, after inflating access lines of reporting carriers to represent the total industry. The 1996 adjustment factor was used for the years prior to 1996.

Table 7.2
Telephone Loops of Incumbent Local Exchange Carriers by State
(As of December 31, 2004)

	Study Areas	Price Cap		Non-Price Cap		Total Loops
		Bell Company Loops ¹	Other Company Loops	Average Schedule Company Loops ²	Other Company Loops	
Alabama	28	1,774,375	303,390	30,407	168,438	2,276,610
Alaska	25	0	0	257	414,298	414,555
American Samoa	1	0	0	0	10,872	10,872
Arizona	17	2,373,565	163,593	0	40,099	2,577,257
Arkansas	28	919,866	0	13,072	438,922	1,371,860
California	22	20,913,376	155,267	0	216,393	21,285,036
Colorado	28	2,473,740	0	1,100	131,977	2,606,817
Connecticut	2	2,110,570	0	24,451	0	2,135,021
Delaware	1	546,439	0	0	0	546,439
District of Columbia	1	791,292	0	0	0	791,292
Florida	12	8,203,048	1,963,806	0	190,012	10,356,866
Georgia	36	3,727,530	27,079	62,014	795,313	4,611,936
Guam	1	0	0	0	67,059	67,059
Hawaii	2	0	664,194	0	1,292	665,486
Idaho	20	646,446	21,764	1,675	45,113	714,998
Illinois	57	6,957,443	121,350	37,143	207,504	7,323,440
Indiana	42	3,075,076	264,152	39,019	118,420	3,496,667
Iowa	154	985,834	317,015	186,037	51,742	1,540,628
Kansas	39	1,133,026	125,841	0	121,299	1,380,166
Kentucky	19	1,091,285	712,797	69,839	129,304	2,003,225
Louisiana	20	2,080,847	0	1,313	186,560	2,268,720
Maine	20	662,838	0	36,205	109,851	808,894
Maryland	2	3,598,762	0	0	7,504	3,606,266
Massachusetts	3	3,775,033	0	0	4,166	3,779,199
Michigan	39	5,469,022	23,055	26,342	169,672	5,688,091
Minnesota	88	1,887,050	412,486	218,642	183,846	2,702,024
Mississippi	19	1,232,062	6,344	10,502	78,965	1,327,873
Missouri	44	2,362,597	561,445	10,676	312,472	3,247,190
Montana	18	332,734	8,227	4,090	161,319	506,370
Nebraska	40	367,505	342,132	16,158	89,203	814,998
Nevada	14	406,963	827,523	0	33,198	1,267,684
New Hampshire	10	697,781	0	2,119	54,405	754,305
New Jersey	3	5,764,974	208,762	0	9,346	5,983,082
New Mexico	16	794,410	100,439	0	45,203	940,052
New York	44	10,176,986	832,018	20,706	254,708	11,284,418
North Carolina	26	2,577,077	1,303,738	231,355	484,377	4,596,547
North Dakota	23	179,077	0	58,158	110,496	347,731
Northern Mariana Islands	1	0	24,480	0	0	24,480
Ohio	42	4,605,609	1,340,446	53,923	372,099	6,372,077
Oklahoma	39	1,384,536	109,657	4,062	234,183	1,732,438
Oregon	33	1,697,012	70,446	10,367	155,849	1,933,674
Pennsylvania	36	6,092,636	412,664	590,334	249,516	7,345,150
Puerto Rico	2	0	0	0	1,180,127	1,180,127
Rhode Island	1	491,107	0	0	0	491,107
South Carolina	26	1,558,593	91,250	58,568	466,487	2,174,898
South Dakota	30	201,450	0	68,118	78,617	348,185
Tennessee	25	2,395,844	327,503	107,812	254,517	3,085,676
Texas	58	10,323,315	693,235	10,301	563,646	11,590,497
Utah	13	964,276	23,422	7,506	61,339	1,056,543
Vermont	10	342,946	0	4,636	59,620	407,202
Virgin Islands	1	0	0	0	69,425	69,425
Virginia	21	3,792,376	381,625	89,815	26,503	4,290,319
Washington	24	3,071,554	80,047	4,438	263,298	3,419,337
West Virginia	10	808,623	154,896	1,530	15,095	980,144
Wisconsin	90	2,227,852	68,246	201,347	591,442	3,088,887
Wyoming	10	238,015	6,621	0	44,416	289,052
Total	1,436	140,284,373	13,250,955	2,314,037	10,129,527	165,978,892

¹ Includes loops owned by Verizon/GTE and SBC/Southern New England Telephone. Excludes Woodbury Telephone of Connecticut, affiliated with SBC, 24,451 average schedule company loops. Also excludes Puerto Rico Telephone Company, affiliated with Verizon, 1,180,127 rate of return lines.

² Average schedule companies have been permitted by the Commission to estimate their access settlements and universal service support through the use of average schedules to avoid the difficulties and expenses involved with conducting company-specific cost studies.

Source: NECA, *Universal Service Fund 2006 Submission of 2005 Study Results* (October 1, 2006).

Table 7.2
Telephone Loops of Incumbent Local Exchange Carriers by State - Continued
(As of December 31, 2005)

	Study Areas	Price Cap		Non-Price Cap		Total Loops
		Bell Company Loops ¹	Other Company Loops	Average Schedule Company Loops ²	Other Company Loops	
Alabama	28	1,709,853	288,069	29,708	168,672	2,196,302
Alaska	25	0	0	211	388,790	389,001
American Samoa	1	0	0	0	10,956	10,956
Arizona	17	2,216,212	163,210	0	40,134	2,419,556
Arkansas	28	883,340	0	12,853	417,045	1,313,238
California	22	20,245,343	151,856	0	213,694	20,610,893
Colorado	28	2,344,958	0	1,110	128,440	2,474,508
Connecticut	2	1,974,198	0	23,746	0	1,997,944
Delaware	1	530,802	0	0	0	530,802
District of Columbia	1	766,942	0	0	0	766,942
Florida	12	7,731,525	1,959,052	0	185,084	9,875,661
Georgia	36	3,564,080	25,108	58,708	768,802	4,416,698
Guam	1	0	0	0	65,044	65,044
Hawaii	2	0	631,169	0	1,469	632,638
Idaho	20	626,900	21,575	1,624	44,531	694,630
Illinois	57	6,594,221	115,886	35,831	198,525	6,944,463
Indiana	42	2,906,678	258,552	37,247	115,484	3,317,961
Iowa	154	933,367	302,364	182,088	50,407	1,468,226
Kansas	39	1,047,966	118,053	0	118,647	1,284,666
Kentucky	19	1,031,123	678,386	68,069	126,567	1,904,145
Louisiana	20	1,825,451	0	1,515	175,716	2,002,682
Maine	20	627,371	0	34,760	105,531	767,662
Maryland	2	3,476,006	0	0	7,382	3,483,388
Massachusetts	3	3,525,161	0	0	3,990	3,529,151
Michigan	39	4,894,189	23,708	25,439	161,964	5,105,300
Minnesota	88	1,770,985	402,267	212,522	180,155	2,565,929
Mississippi	19	1,156,946	5,965	9,981	77,861	1,250,753
Missouri	44	2,232,380	538,520	10,289	299,967	3,081,156
Montana	18	312,838	7,833	3,672	156,517	480,860
Nebraska	40	337,747	325,176	15,654	85,940	764,517
Nevada	14	399,371	815,986	0	33,276	1,248,633
New Hampshire	10	663,827	0	2,249	53,299	719,375
New Jersey	3	5,369,173	199,427	0	8,759	5,577,359
New Mexico	16	766,185	98,307	0	44,549	909,041
New York	44	9,183,646	784,606	20,071	241,968	10,230,291
North Carolina	26	2,392,828	1,267,826	225,040	477,225	4,362,919
North Dakota	22	168,655	0	55,838	108,174	332,667
Northern Mariana Islands	1	0	22,770	0	0	22,770
Ohio	42	4,240,488	1,237,113	52,711	356,846	5,887,158
Oklahoma	39	1,307,868	94,084	3,961	229,490	1,635,403
Oregon	33	1,624,737	68,536	10,356	151,512	1,855,141
Pennsylvania	36	5,817,302	403,209	572,331	241,198	7,034,040
Puerto Rico	2	0	0	0	1,158,243	1,158,243
Rhode Island	1	431,042	0	0	0	431,042
South Carolina	26	1,469,189	88,552	57,084	458,936	2,073,761
South Dakota	31	189,615	0	67,611	76,544	333,770
Tennessee	25	2,290,408	340,821	105,474	251,002	2,987,705
Texas	58	9,721,374	667,358	10,202	546,564	10,945,498
Utah	13	931,202	22,810	7,460	61,241	1,022,713
Vermont	10	333,854	0	4,583	59,166	397,603
Virgin Islands	1	0	0	0	68,956	68,956
Virginia	21	3,603,429	380,110	88,737	25,512	4,097,788
Washington	24	2,923,522	77,477	4,431	253,950	3,259,380
West Virginia	10	784,109	152,517	1,479	15,170	953,275
Wisconsin	90	2,051,195	66,428	193,894	566,338	2,877,855
Wyoming	10	223,079	6,531	0	43,819	273,429
Total	1,436	132,152,680	12,811,217	2,248,539	9,829,051	157,041,487

¹ Includes loops owned by Verizon/GTE and SBC/Southern New England Telephone. Excludes Woodbury Telephone of Connecticut, affiliated with SBC, 23,746 average schedule company loops. Also excludes Puerto Rico Telephone Company, affiliated with Verizon, 1,158,243 rate of return lines.

² Average schedule companies have been permitted by the Commission to estimate their access settlements and universal service support through the use of average schedules to avoid the difficulties and expenses involved with conducting company-specific cos

Source: NECA, *Universal Service Fund 2006 Submission of 2005 Study Results* (October 1, 2006).

Table 7.3
Telephone Loops of Incumbent Local Exchange Carriers by Holding Company ¹
(As of December 31, 2004)

Holding Companies	Loops	Percent of Loops
Verizon Communications, Inc.	52,494,623	31.63 %
SBC Communications, Inc.	52,218,326	31.46
BellSouth Telecommunications, Inc.	21,979,758	13.24
Qwest Communications International, Inc.	14,820,724	8.93
Sprint Corporation	7,225,725	4.35
ALLTEL Corporation	2,780,622	1.68
CenturyTel, Inc.	2,302,107	1.39
Citizens Communications Company	2,179,804	1.31
Cincinnati Bell	901,415	0.54
Hawaiian Telecom Communications, Inc.	664,194	0.40
TDS Telecommunications Corporation	654,023	0.39
Valor Communications Group, Inc.	533,266	0.32
Commonwealth Telephone Enterprises, Inc.	320,200	0.19
Alaska Communications Systems	282,302	0.17
Iowa Network Services, Inc.	262,591	0.16
FairPoint Communications, Inc.	245,421	0.15
Consolidated Communications, Inc.	237,659	0.14
Madison River Telephone Company	170,985	0.10
Rock Hill Telephone Company	143,605	0.09
D&E Communications, Inc.	139,226	0.08
Surewest Communications	128,563	0.08
North State Communications Corporation	120,706	0.07
CT Communications, Inc.	114,414	0.07
Horry Telephone Cooperative, Inc.	92,845	0.06
North Pittsburgh Telephone Company	74,007	0.04
Hargray Communications Group, Inc.	73,536	0.04
Virgin Islands Telephone Corporation	69,425	0.04
Guam Telephone Authority	67,059	0.04
Matanuska Telephone Association, Inc.	60,832	0.04
Hickory Tech Corporation	58,757	0.04
Farmers Telephone Cooperative, Inc. (SC)	58,690	0.04
Pioneer Telephone Cooperative (OK)	53,484	0.03
Lynch Interactive Corporation	51,655	0.03
Ntelos, Inc.	46,380	0.03
Golden West Telecommunications Cooperative, Inc.	45,002	0.03
Atlantic Telephone Membership Corporation	41,578	0.03
Guadalupe Valley Telephone Cooperative, Inc.	40,817	0.02
SRT Services Corporation	40,561	0.02
East Ascension Telephone Company, LLC	38,742	0.02
Twin Lakes Telephone Cooperative Corporation	38,097	0.02
Otelco Holding, LLC	36,995	0.02
Skyline Telephone Membership Corporation	36,567	0.02
Ben Lomand	36,139	0.02
Horizon Telecom	35,415	0.02
All Other Companies	3,971,050	2.39
Total	165,987,892	100.00 %

¹ Includes incumbent local exchange carriers' loops for holding companies with more than 35,000 loops.
Source: NECA, *Universal Service Fund 2006 Submission of 2005 Study Results* (October 1, 2006).

Chart 7.1
Five Largest Holding Companies' Share of Loops

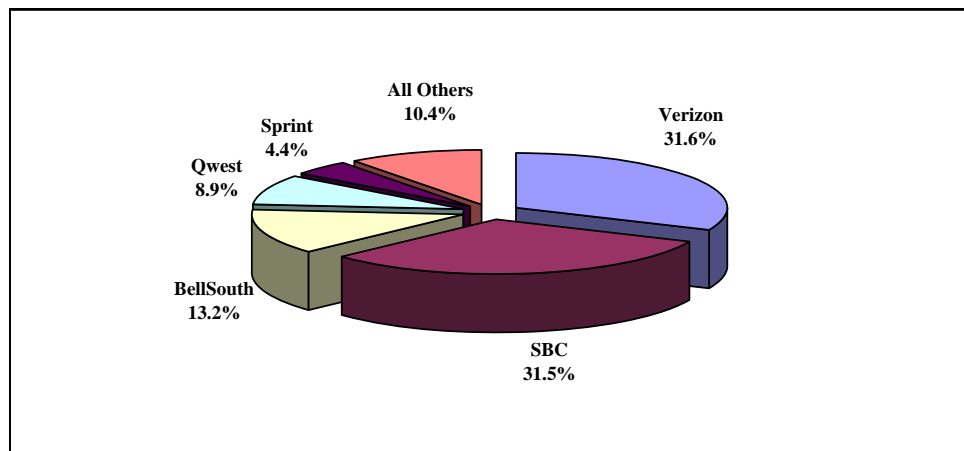


Table 7.3
Telephone Loops of Incumbent Local Exchange Carriers by Holding Company Continued - Continued ¹
(As of December 31, 2005)

Holding Companies	Loops	Percent of Loops
Verizon Communications Inc.	49,317,413	31.40 %
AT&T, Inc.	49,265,385	31.37
BellSouth Telecommunications, Inc.	20,703,775	13.18
Qwest Communications International, Inc.	14,048,096	8.95
Embarq Corporation	7,079,141	4.51
Windstream Corporation	3,168,810	2.02
CenturyTel, Inc.	2,194,202	1.40
Citizens Communications Company	2,097,812	1.34
Cincinnati Bell	833,013	0.53
TDS Telecommunications Corporation	637,989	0.41
Hawaiian Telecom Communications, Inc.	631,169	0.40
Commonwealth Telephone Enterprises, Inc.	311,204	0.20
Alaska Communications Systems	258,860	0.16
Iowa Network Services, Inc.	250,067	0.16
FairPoint Communications, Inc.	241,039	0.15
Consolidated Communications, Inc.	228,842	0.15
Madison River Telephone Company	171,711	0.11
Rock Hill Telephone Company	142,014	0.09
D&E Communications, Inc.	133,995	0.09
Surewest Communications	125,742	0.08
North State Communications Corporation	116,484	0.07
CT Communications, Inc.	111,637	0.07
Horry Telephone Cooperative, Inc.	91,435	0.06
Hargray Communications Group, Inc.	74,319	0.05
North Pittsburgh Telephone Company	71,992	0.05
Virgin Island Telephone Company	68,956	0.04
Guam Telephone Authority	65,044	0.04
Matanuska Telephone Association, Inc.	61,130	0.04
Famers Telephone Cooperative, Inc. (SC)	57,061	0.04
Hickory Tech Corporation	55,213	0.04
Lynch Interactive Corporation	53,146	0.03
Pioneer Telephone Cooperative (OK)	53,036	0.03
Ntelos, Inc.	44,419	0.03
Golden West Telecommunications Cooperative, Inc.	42,907	0.03
Atlantic Telephone Membership Corporation	42,429	0.03
Guadalupe Valley Telephone Cooperative, Inc.	41,023	0.03
SRT Services Corporation	38,847	0.02
East Ascension Telephone Company, LLC	37,871	0.02
Twin Lake Telephone Cooperative Corporation	37,425	0.02
Skyline Telephone Membership Corporation	36,207	0.02
Otelco Holding, LLC	36,050	0.02
Ben Lomand	35,410	0.02
All Other Companies	3,929,167	2.50
Total	157,041,487	100.00 %

¹ Includes incumbent local exchange carriers' loops for holding companies with more than 35,000 loops.

Source: NECA, *Universal Service Fund 2006 Submission of 2006 Study Results* (October 1, 2006).

Chart 7.1: Continued
Five Largest Holding Companies' Share of Loops

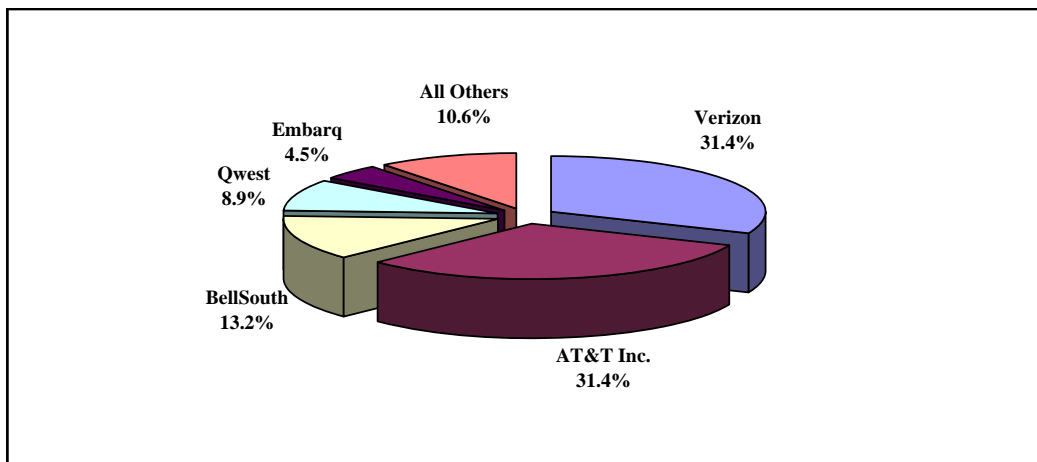


Table 7.4
Additional Residential Lines
For Households with Telephone Service
(End-of-Year Data in Millions)

Year	Wireline Loops ¹			Households with Telephone Service ²	Households with Wireless Only ³	Primary Residential Lines	Non-Primary Residential Lines
	Residential	Non-Residential	Total Loops				
1988	87.7	38.5	126.2	85.4		85.4	2.3
1989	90.0	40.6	130.6	87.4		87.4	2.6
1990	92.2	42.9	135.1	88.4		88.4	3.9
1991	95.9	42.5	138.4	89.4		89.4	6.5
1992	99.3	43.0	142.3	91.0		91.0	8.3
1993	101.8	45.2	147.0	93.0		93.0	8.8
1994	105.1	47.2	152.3	93.7		93.7	11.4
1995	108.1	50.4	158.5	94.2		94.2	13.9
1996	111.1	54.3	165.4	95.1		95.1	16.0
1997	114.7	58.2	172.9	96.5		96.5	18.2
1998	117.1	62.6	179.8	98.0		98.0	19.1
1999	122.7	63.5	186.2	99.1		99.1	23.6
2000	126.4	65.8	192.2	100.2		100.2	26.2
2001	127.3	62.8	190.1	102.2	1.2	101.0	26.3
2002	120.5	64.6	185.1	104.0	1.8	102.2	18.4
2003	118.1	60.6	178.8	107.1	5.0	102.1	16.0
2004	113.9	59.2	173.1	106.4	6.3	100.1	13.8
2005	107.8	58.0	165.8	107.0	11.3	95.6	12.1

¹ Loop counts provided by the National Exchange Carrier Association. American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands totals have been removed. Total loops were divided between residential and non-residential using the ratio of residential to non-residential access lines reported in Industry Analysis and Technology Division, Wireline Competition Bureau, *Statistics of Communications Common Carriers*. Those totals also exclude Puerto Rico, but cover only the carriers that file ARMIS reports (of which there are none for American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands). Loop counts beginning in 1996 have been increased by estimated competitive local exchange carrier lines from the Association for Local Telecommunications Services (now known as Comptel/ALTS) and the report by the Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007). Beginning in 2001 a significant number of households began to have wireless service. The estimate of this amount for 2001 is from the November 2001 *Currently Population Survey*. Beginning in 2002, the numbers of primary and non-primary residential lines for households with telephones was estimated using the ratio of primary (Lifeline and Non-Lifeline) to non-primary residential access lines reported in Table 2.4 of *Statistics of Communications Common Carriers*, and the estimate of wireless-only is based on the difference between households with phone service and estimated primary residential lines.

² *Current Population Survey* (U.S. Department of Commerce, U.S. Census Bureau).

³ Because the number of households with wireless only is calculated as a difference between households with telephone service and primary residential lines, this estimate may include some VoIP customers not included in the Local Telephone Competition report.

Source: FCC staff estimates.

Table 7.5
Number of Payphones Owned by LECs and Independent Operators
(As of March 31, 2005)

State	RBOC Territories		All Other LEC Territories		Statewide		Grand Total
	LEC-Owned	Independent	LEC-Owned	Independent	LEC-Owned	Independent	
Alabama	0	7,435	1,264	767	1,264	8,202	9,466
Alaska	0	0	2,416	1,275	2,416	1,275	3,691
Arizona	1,861	20,154	735	1,206	2,596	21,360	23,956
Arkansas	7,040	1,002	1,834	889	8,874	1,891	10,765
California	88,125	82,380	1,336	656	89,461	83,036	172,497
Colorado	3,280	14,051	218	520	3,498	14,571	18,069
Connecticut	13,402	2,488	130	3	13,532	2,491	16,023
Delaware	2,848	739	0	0	2,848	739	3,587
District of Columbia	4,543	856	0	0	4,543	856	5,399
Florida	9,682	32,007	6,616	5,767	16,298	37,774	54,072
Georgia	0	17,111	2,895	2,507	2,895	19,618	22,513
Hawaii	5,454	551	0	0	5,454	551	6,005
Idaho	999	2,750	244	131	1,243	2,881	4,124
Illinois	39,532	18,080	662	821	40,194	18,901	59,095
Indiana	17,270	5,840	1,558	888	18,828	6,728	25,556
Iowa	814	5,730	680	854	1,494	6,584	8,078
Kansas	6,175	1,725	632	566	6,807	2,291	9,098
Kentucky	0	5,819	2,911	3,295	2,911	9,114	12,025
Louisiana	0	9,622	282	814	282	10,436	10,718
Maine	3,792	439	32	372	3,824	811	4,635
Maryland	21,073	6,455	0	8	21,073	6,463	27,536
Massachusetts	22,493	8,262	5	2	22,498	8,264	30,762
Michigan	29,070	11,490	670	475	29,740	11,965	41,705
Minnesota	1,601	10,186	1,759	937	3,360	11,123	14,483
Mississippi	110	5,674	133	178	243	5,852	6,095
Missouri	12,904	3,939	2,924	2,695	15,828	6,634	22,462
Montana	707	2,342	447	482	1,154	2,824	3,978
Nebraska	568	2,926	2,966	689	3,534	3,615	7,149
Nevada	2,109	1,285	2,642	6,842	4,751	8,127	12,878
New Hampshire	3,524	1,308	140	34	3,664	1,342	5,006
New Jersey	39,126	14,422	1,185	146	40,311	14,568	54,879
New Mexico	1,004	5,608	204	670	1,208	6,278	7,486
New York	78,851	38,765	7,757	1,760	86,608	40,525	127,133
North Carolina	1,072	10,250	5,779	7,356	6,851	17,606	24,457
North Dakota	229	721	96	153	325	874	1,199
Ohio	27,555	8,068	7,555	3,284	35,110	11,352	46,462
Oklahoma	9,785	3,306	1,281	654	11,066	3,960	15,026
Oregon	2,834	9,860	595	918	3,429	10,778	14,207
Pennsylvania	29,690	14,940	5,915	2,273	35,605	17,213	52,818
Rhode Island	3,001	2,118	0	0	3,001	2,118	5,119
South Carolina	828	9,167	1,251	1,851	2,079	11,018	13,097
South Dakota	559	1,636	299	184	858	1,820	2,678
Tennessee	0	10,695	1,962	1,572	1,962	12,267	14,229
Texas	46,671	34,897	1,905	4,112	48,576	39,009	87,585
Utah	1,092	5,979	182	461	1,274	6,440	7,714
Vermont	1,878	263	44	147	1,922	410	2,332
Virginia	21,139	9,564	1,862	1,182	23,001	10,746	33,747
Washington	4,851	17,134	448	1,287	5,299	18,421	23,720
West Virginia	5,478	898	622	435	6,100	1,333	7,433
Wisconsin	11,996	3,747	3,604	1,401	15,600	5,148	20,748
Wyoming	758	1,700	138	84	896	1,784	2,680
Totals	587,373	486,384	78,815	63,603	666,188	549,987	1,216,175

Source: Raw data provided by National Payphone Clearinghouse. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

Table 7.5
Number of Payphones Owned by LECs and Independent Operators - Continued
(As of March 31, 2006)

State	RBOC Territories		All Other LEC Territories		Statewide		Grand Total
	LEC-Owned	Independent	LEC-Owned	Independent	LEC-Owned	Independent	
Alabama	0	7,250	120	755	120	8,005	8,125
Alaska	0	0	2,333	1,158	2,333	1,158	3,491
Arizona	804	18,266	734	1,179	1,538	19,445	20,983
Arkansas	4,656	957	406	279	5,062	1,236	6,298
California	64,191	76,984	980	1,113	65,171	78,097	143,268
Colorado	1,383	11,993	29	87	1,412	12,080	13,492
Connecticut	8,797	2,134	0	4	8,797	2,138	10,935
Delaware	1,977	1,390	0	0	1,977	1,390	3,367
District of Columbia	4,265	777	0	0	4,265	777	5,042
Florida	5,938	30,908	5,518	5,119	11,456	36,027	47,483
Georgia	0	15,500	380	1,099	380	16,599	16,979
Hawaii	0	0	5,315	475	5,315	475	5,790
Idaho	639	2,296	227	100	866	2,396	3,262
Illinois	25,359	16,046	633	1,301	25,992	17,347	43,339
Indiana	12,150	5,641	1,413	836	13,563	6,477	20,040
Iowa	138	4,919	587	814	725	5,733	6,458
Kansas	3,976	1,627	531	508	4,507	2,135	6,642
Kentucky	0	5,790	1,036	1,359	1,036	7,149	8,185
Louisiana	0	7,855	0	124	0	7,979	7,979
Maine	3,430	613	80	409	3,510	1,022	4,532
Maryland	17,153	7,623	0	8	17,153	7,631	24,784
Massachusetts	20,168	8,679	0	0	20,168	8,679	28,847
Michigan	18,498	10,631	230	186	18,728	10,817	29,545
Minnesota	354	8,443	1,408	848	1,762	9,291	11,053
Mississippi	111	5,124	39	115	150	5,239	5,389
Missouri	7,768	3,786	1,030	1,427	8,798	5,213	14,011
Montana	254	1,968	321	300	575	2,268	2,843
Nebraska	102	2,064	388	375	490	2,439	2,929
Nevada	1,091	1,244	2,375	5,873	3,466	7,117	10,583
New Hampshire	3,252	1,255	132	55	3,384	1,310	4,694
New Jersey	34,272	15,324	1,038	96	35,310	15,420	50,730
New Mexico	263	5,065	204	697	467	5,762	6,229
New York	78,568	34,449	7,063	1,368	85,631	35,817	121,448
North Carolina	972	9,575	4,972	6,609	5,944	16,184	22,128
North Dakota	23	637	96	157	119	794	913
Ohio	17,938	7,613	5,128	2,206	23,066	9,819	32,885
Oklahoma	6,264	2,918	977	609	7,241	3,527	10,768
Oregon	1,173	9,528	387	631	1,560	10,159	11,719
Pennsylvania	27,092	14,188	5,345	1,633	32,437	15,821	48,258
Rhode Island	2,548	1,857	0	0	2,548	1,857	4,405
South Carolina	763	8,443	966	1,337	1,729	9,780	11,509
South Dakota	124	1,459	294	188	418	1,647	2,065
Tennessee	0	10,437	1,637	1,626	1,637	12,063	13,700
Texas	31,752	33,762	1,121	3,321	32,873	37,083	69,956
Utah	465	4,903	182	351	647	5,254	5,901
Vermont	1,783	270	45	137	1,828	407	2,235
Virginia	18,573	9,578	1,763	1,155	20,336	10,733	31,069
Washington	3,062	15,272	261	399	3,323	15,671	18,994
West Virginia	4,987	1,003	580	390	5,567	1,393	6,960
Wisconsin	7,491	3,497	741	766	8,232	4,263	12,495
Wyoming	82	1,742	152	91	234	1,833	2,067
Totals	444,649	453,283	59,197	49,673	503,846	502,956	1,006,802

Source: Raw data provided by National Payphone Clearinghouse. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

Table 7.6
Number of Payphones Over Time
(As of March 31 of Each Year)

Year	RBOCs' Territories			All Other LECs' Territories			Total		Grand Total
	LEC-Owned	Independent	Total	LEC Owned	Independent	Total	LEC Owned	Independent	
1997	1,399,600 ¹	NA	NA	NA	NA	NA	NA	NA	2,086,540 ²
1998	1,381,800 ¹	NA	NA	NA	NA	NA	NA	NA	2,100,558 ²
1999	1,305,463	572,503	1,877,966	80,491	163,069	243,560	1,385,954	735,572	2,121,526
2000	1,244,535	633,022	1,877,557	63,808	122,353	186,161	1,308,343	755,375	2,063,718
2001	1,131,377	571,778	1,703,155	88,399	128,086	216,485	1,219,776	699,864	1,919,640
2002	964,999	531,801	1,496,800	95,639	118,622	214,261	1,060,638	650,423	1,711,061
2003	854,295	464,479	1,318,774	75,885	101,127	177,012	930,180	565,606	1,495,786
2004	737,146	455,506	1,192,652	78,642	73,705	152,347	815,788	529,211	1,344,999
2005	587,373	486,384	1,073,757	78,815	63,603	142,418	666,188	549,987	1,216,175
2006	444,649	453,283	897,932	59,197	49,673	108,870	503,846	502,956	1,006,802

NA - Not Available.

¹ See RBOC/GTE/SNET Payphone Coalition Comments on Remand Issues in CC Docket No. 96-128, Report of Arthur Andersen on Per-Call Compensation, Carl R. Geppert at 10 (July 13, 1998).

² See Letter from Denny Reuss, NPC Product Manager, to Craig Stroup, Federal Communications Commission, CC Docket 96-128 at 1 (Filed October 22, 1998. The 1997 data point is as of June 30, 1997.)

Source: Unless otherwise noted, raw data provided by National Payphone Clearinghouse. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

8 Local Telephone Competition

For most of the past century, households and businesses had no choice in selecting their local telephone company. In the 1980s, competitive access providers (CAPs) began to market to business customers access services provided over CAPs' wired networks. To some extent they also carried local telephone calls among their customers. In the 1990s, some CAPs and other companies, including affiliates of cable television companies and local service divisions of long distance companies, began to offer local telephone services to a broader range of customers. Companies with operations in larger cities added operations in smaller cities, where the typical customer is more likely to be a small or medium-sized business than a large business, and some new companies focused on smaller cities from the beginning. The newer competitors are often called competitive local exchange carriers (CLECs), although the terms CAPs and CLECs are sometimes used interchangeably.

The Telecommunications Act of 1996 (1996 Act) contemplated three vehicles for competitors to enter local telephone service markets. First, CLECs may resell the services of incumbent local exchange carriers (LECs). Second, CLECs may make use of incumbent LEC facilities, for example, by leasing incumbent LEC unbundled network elements (UNEs) loops and transport. Third, CLECs may build the complete set of facilities they need to compete. Individual competitors have used various combinations of these methods at different times.

1. CLEC Share of Switched Access Lines

All incumbent LECs and CLECs were required to report to the Commission basic information about their local telephone service, as of June 30, 2005. The FCC previously (i.e., as of December 31, 1999 and each succeeding June 30 and December 31 through the end of 2004) collected data from carriers with at least 10,000 switched access lines in service in a particular state. Small carriers, many of whom serve rural areas with relatively small populations, were therefore underrepresented in the earlier data.¹

Table 8.1 and the associated chart show the number of incumbent LEC and CLEC end-user switched access lines from December 1999 through June 2006. Table 8.2 and the associated chart show the relative shares of the residential end-user switched access lines provisioned by incumbent LECs and CLECs from December 1999 through June 2006.

¹ As of December, 2005, filers with fewer than 10,000 switched access lines in a state (including entities that previously filed on a voluntary basis) reported about 4.5 million lines (about 2.0 million incumbent LEC lines and about 2.5 million CLEC lines).

Table 8.3 shows the percentages of CLEC end-user lines that were provisioned over their own facilities and those lines acquired from unaffiliated carriers from December 1999 through June 2006. Chart 8.3 displays that information graphically for June 2006. Data reported by incumbent LECs, presented in Table 8.4, show the lines that incumbent LECs provided to other carriers as UNE loops provided with incumbent LEC switching (including the UNE-platform), UNE loops provided without switching, and resale. Chart 8.4 shows the trend, from December 1997 through June 2006, of incumbent LEC total switched access lines and the percentages provided to other carriers.

Table 8.5 shows incumbent LEC and CLEC end-user switched access lines by state, and the CLEC share by state, at the end of June 2006. Table 8.6 presents historical data on CLEC share by state.

2. CLEC Share of Local Telephone Service Revenues

As discussed in Section 15, the Commission has been collecting revenue data from local exchange carriers since 1993. Table 8.7 shows CLEC and incumbent LEC local telephone service revenues from 1993 through 2004. Chart 8.5 shows the incumbent LEC and CLEC shares of local service revenues from 1998 through 2004.

3. Ported Telephone Numbers

When telecommunications customers switch service providers, they have the option of taking their local telephone number with them. This is called *porting*. All ported numbers reside in one of seven regional databases. These databases contain several elements of information about ported numbers, including identifiers for the old and new carriers, and the date the number was ported. The porting databases are overseen by the local number portability administrator, currently NeuStar, Inc. NeuStar provides the FCC with two sets of information on ported numbers.

The first set of information is a rollup of the quantity of telephone numbers that were ported each month. This information forms the basis for Table 8.8. Unlike Tables 8.9 and 8.10 (see footnote 2 in Table 8.10), these figures include instances where the customer ports the number back to the original carrier.

The second set of information that the FCC receives from NeuStar on a monthly basis is a current list of all ported numbers where the customer changed carriers. For each number, the list includes identifiers for the old and new carriers for that number, and the date the number was ported. In order to protect consumer privacy, the Commission receives the information in a manner that prevents it from determining if any particular telephone number has been ported. This information forms the basis for Tables 8.9 and 8.10.

Table 8.9 shows the quantities of ports in the porting databases at the end of each quarter. The ports are broken out by service type: from landline to landline, landline to mobile, mobile to mobile, or mobile to landline. Table 8.10 examines the ports in the databases as of June 30, 2006. It shows, by service type, when each number in the database was ported.

Table 8.1
End-User Switched Access Lines Reported

Date	ILEC Lines	CLEC Lines	Total	CLEC Share
Dec 1999	181,202,853	8,194,243	189,397,096	4.3 %
Jun 2000	179,648,725	11,557,381	191,206,106	6.0
Dec 2000	177,561,022	14,871,409	192,432,431	7.7
Jun 2001	174,752,275	17,274,727	192,027,002	9.0
Dec 2001	171,917,359	19,653,441	191,570,800	10.3
Jun 2002	167,330,006	21,644,928	188,974,934	11.5
Dec 2002	164,386,452	24,863,691	189,250,143	13.1
Jun 2003	158,274,538	26,985,345	185,259,883	14.6
Dec 2003	153,157,843	29,775,438	182,933,281	16.3
Jun 2004	147,993,218	32,033,915	180,027,133	17.8
Dec 2004	144,809,899	32,880,812	177,690,711	18.5
Jun 2005	143,757,708	33,975,336	177,733,044	19.1
Dec 2005	143,773,101	31,387,839	175,160,940	17.9
Jun 2006	142,249,668	29,782,241	172,031,909	17.3

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised for June and December 2005.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Chart 8.1
End-User Switched Access Lines Reported
(Lines in Millions)

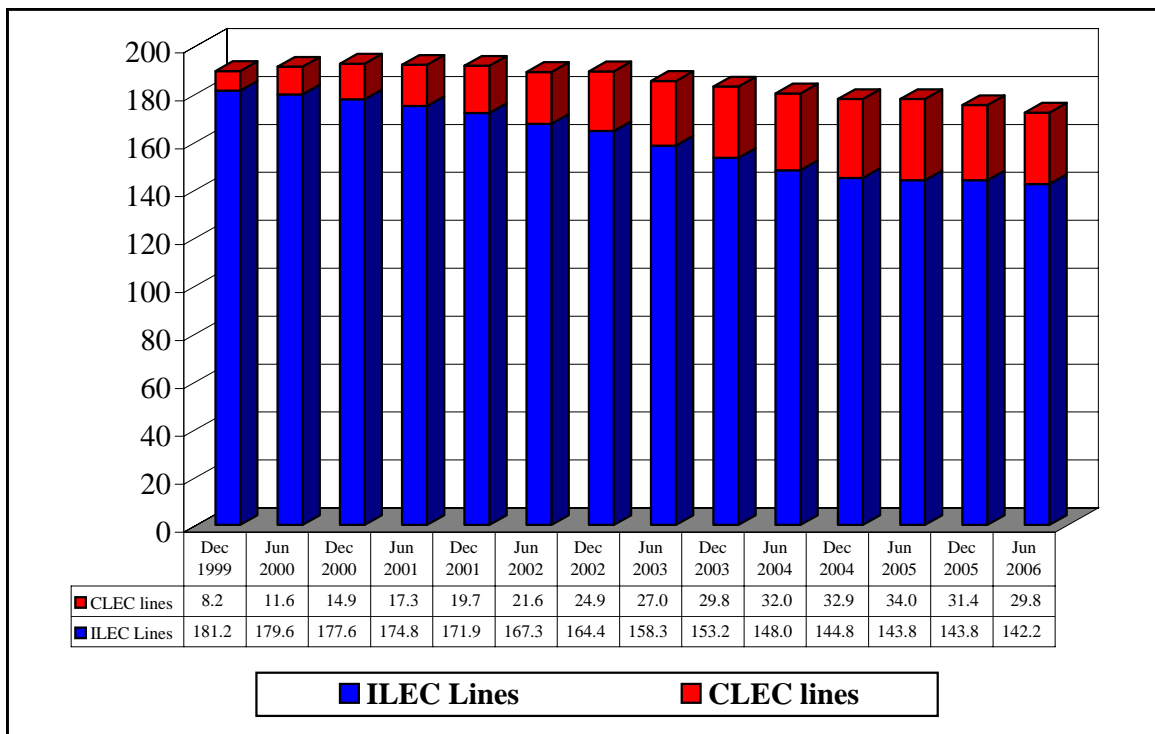


Table 8.2
End-User Switched Access Lines by Customer Type

Date	Reporting ILECs			Reporting CLECs		
	Residential ¹	Business ²	% Residential	Residential ¹	Business ²	% Residential
Dec 1999	139,694,481	41,508,372	77.1 %	3,368,702	4,825,541	41.1 %
Jun 2000	140,566,144	39,082,581	78.2	4,579,501	6,977,880	39.6
Dec 2000	138,824,111	38,736,911	78.2	6,620,471	8,250,938	44.5
Jun 2001	134,530,884	40,221,391	77.0	7,793,071	9,481,656	45.1
Dec 2001	133,320,119	38,597,240	77.5	9,489,049	10,164,392	48.3
Jun 2002	130,937,328	36,392,678	78.3	11,080,676	10,564,252	51.2
Dec 2002	127,494,698	36,891,754	77.6	14,608,495	10,255,196	58.8
Jun 2003	122,573,530	35,701,008	77.4	16,770,561	10,214,784	62.1
Dec 2003	118,658,867	34,498,976	77.5	18,702,229	11,073,209	62.8
Jun 2004	114,533,368	33,459,850	77.4	20,871,756	11,162,159	65.2
Dec 2004	112,054,420	32,755,479	77.4	19,811,711	13,069,101	60.3
Jun 2005	95,315,689	48,442,019	66.3	16,338,117	17,637,219	48.1
Dec 2005	94,392,526	49,380,575	65.7	13,873,331	17,514,508	44.2
Jun 2006	92,414,935	49,834,733	65.0	12,372,950	17,409,291	41.5

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised for June and December 2005.

¹Included small business lines through December 2004.

²Excluded small business lines through December 2004.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Chart 8.2
Percent of Lines That Serve Residential Customers ¹

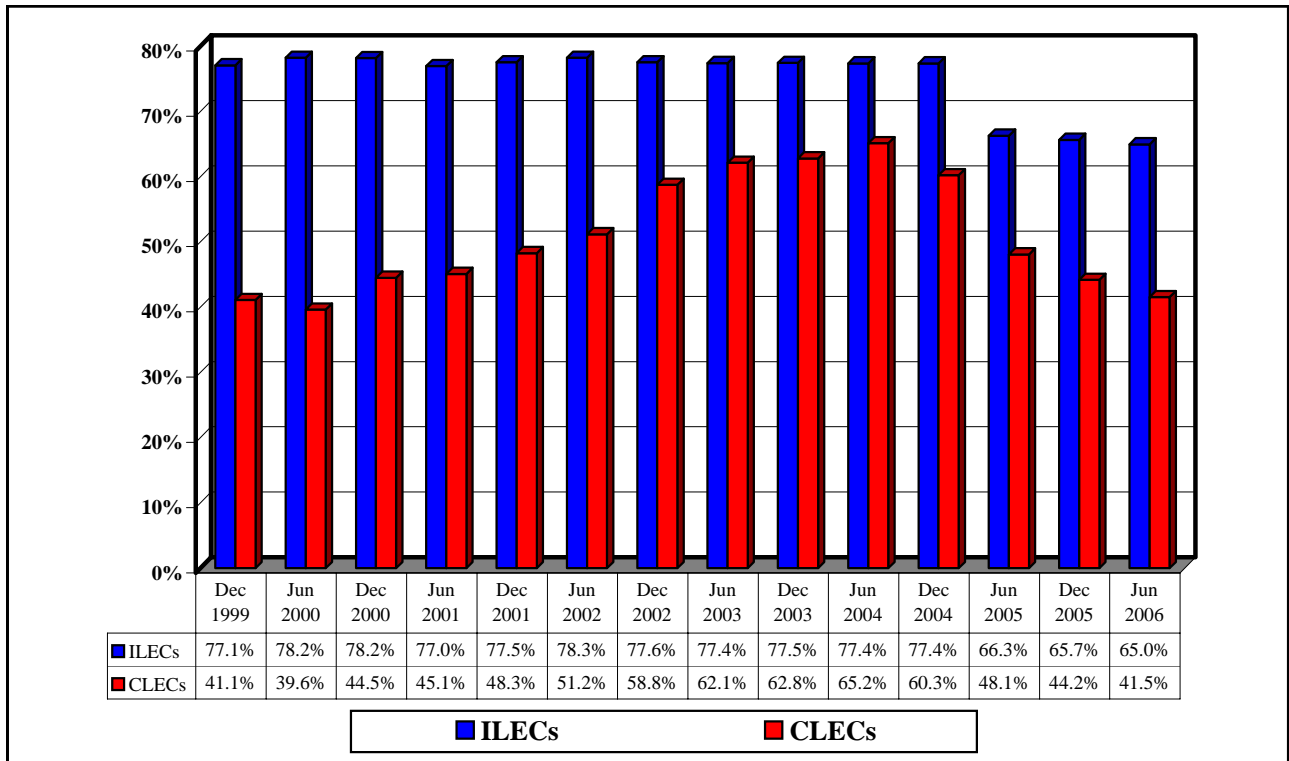


Table 8.3
Reporting Competitive Local Exchange Carriers
(End-User Switched Access Lines in Thousands)

Date	CLECs Reporting	Total End-User Lines	Acquired from Other Carriers		CLEC-Owned Lines ²	Percent		
			Resold Lines	UNEs ¹		Resold	UNEs	CLEC-Owned
Dec 1999	81	8,194	3,513	1,959	2,723	42.9%	23.9%	33.2%
Jun 2000	78	11,557	4,315	3,201	4,042	37.3	27.7	35.0
Dec 2000	89	14,871	4,114	5,540	5,217	27.7	37.3	35.1
Jun 2001	91	17,275	3,919	7,580	5,776	22.7	43.9	33.4
Dec 2001	94	19,653	4,250	9,332	6,072	21.6	47.5	30.9
Jun 2002	96	21,645	4,478	10,930	6,236	20.7	50.5	28.8
Dec 2002	112	24,864	4,677	13,709	6,479	18.8	55.1	26.1
Jun 2003	125	26,985	4,887	15,728	6,370	18.1	58.3	23.6
Dec 2003	136	29,775	4,842	17,888	7,045	16.3	60.1	23.7
Jun 2004	137	32,034	4,927	19,624	7,483	15.4	61.3	23.4
Dec 2004	149	32,881	5,417	18,961	8,503	16.5	57.7	25.9
Jun 2005	326	33,975	5,826	19,025	9,124	17.1	56.0	26.9
Dec 2005	382	31,388	6,704	14,521	10,163	21.4	46.3	32.4
Jun 2006	399	29,782	6,549	12,546	10,687	22.0	42.1	35.9

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Figures may not add to totals due to rounding. Some data have been revised for June and December 2005.

¹ Includes unbundled network element (UNE) loops leased from an unaffiliated carrier on a stand-alone basis and also UNE loops leased in combination with UNE switching or any other unbundled network element.

² Lines provided over CLEC-owned "last-mile" facilities.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Chart 8.3
Competitive Local Exchange Carriers' End-User Lines

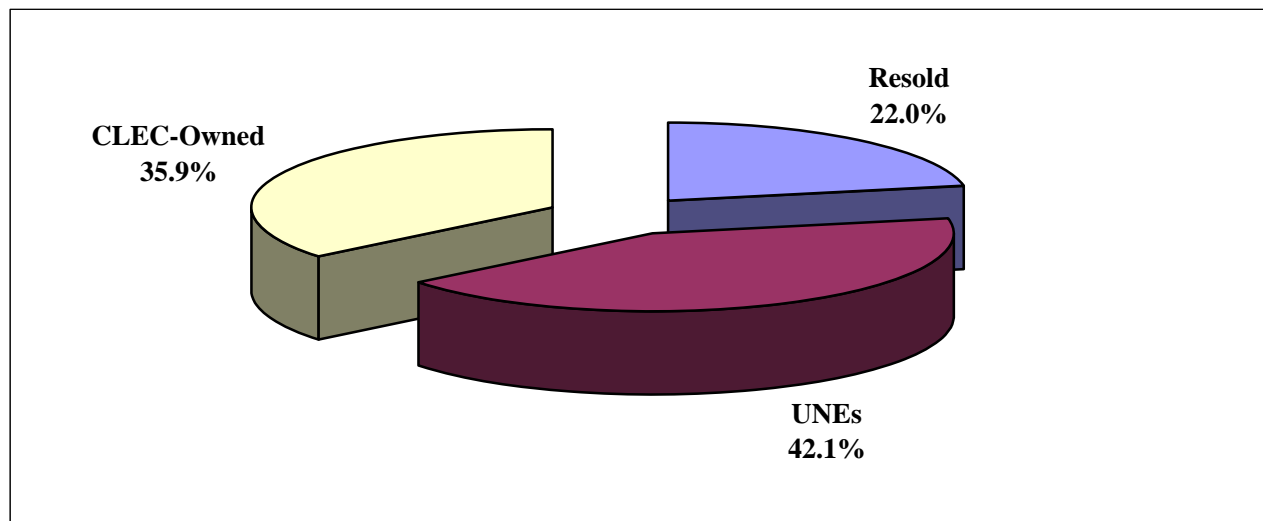


Table 8.4
Reporting Incumbent Local Exchange Carriers
(Switched Access Lines in Thousands)

Date ¹	ILECs Reporting	Total Lines	End-User Lines	Provided to Other Carriers					
				Resold Lines	UNEs			Total UNEs & Resold Lines	Percent of Total Lines
					Without Switching	With Switching	Total UNEs		
Dec 1997	9	159,008	157,132	1,743			133	1,876	1.2 %
Jun 1998	8	161,810	159,118	2,448			244	2,692	1.7
Dec 1998	7	164,614	161,191	3,062			361	3,423	2.1
Jun 1999	7	167,177	162,909	3,583			685	4,268	2.6
Dec 1999	168	187,190	181,203	4,494	1,004	489	1,493	5,987	3.2
Jun 2000	159	188,058	179,649	5,098	1,696	1,616	3,312	8,409	4.5
Dec 2000	166	188,223	177,561	5,388	2,436	2,838	5,274	10,662	5.7
Jun 2001	156	187,092	174,752	4,417	3,161	4,761	7,922	12,340	6.6
Dec 2001	164	185,391	171,917	4,014	3,679	5,781	9,460	13,474	7.3
Jun 2002	166	182,345	167,330	3,475	4,061	7,478	11,540	15,015	8.2
Dec 2002	174	181,616	164,386	2,743	4,259	10,227	14,487	17,229	9.5
Jun 2003	181	177,770	158,275	2,232	4,227	13,036	17,263	19,495	11.0
Dec 2003	185	174,453	153,158	1,833	4,287	15,176	19,463	21,296	12.2
Jun 2004	185	171,050	147,993	1,600	4,322	17,136	21,458	23,057	13.5
Dec 2004	190	167,063	144,810	1,490	4,217	16,546	20,763	22,253	13.3
Jun 2005	757	164,449	143,758	1,796	4,300	14,596	18,895	20,691	12.6
Dec 2005	807	160,881	143,773	1,793	4,469	10,846	15,315	17,108	10.6
Jun 2006	804	156,828	142,250	1,723	4,413	8,443	12,856	14,579	9.3

Figures may not add to totals due to rounding. Some data for December 2005 have been revised.

¹ Data prior to December 1999 are from Common Carrier Bureau voluntary surveys. Only LECs with at least 10,000 lines in a state were required to report data for December 1999 through December 2004, after which all LECs are required to report.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Chart 8.4
ILEC Lines and the Percent Provided to Other Carriers

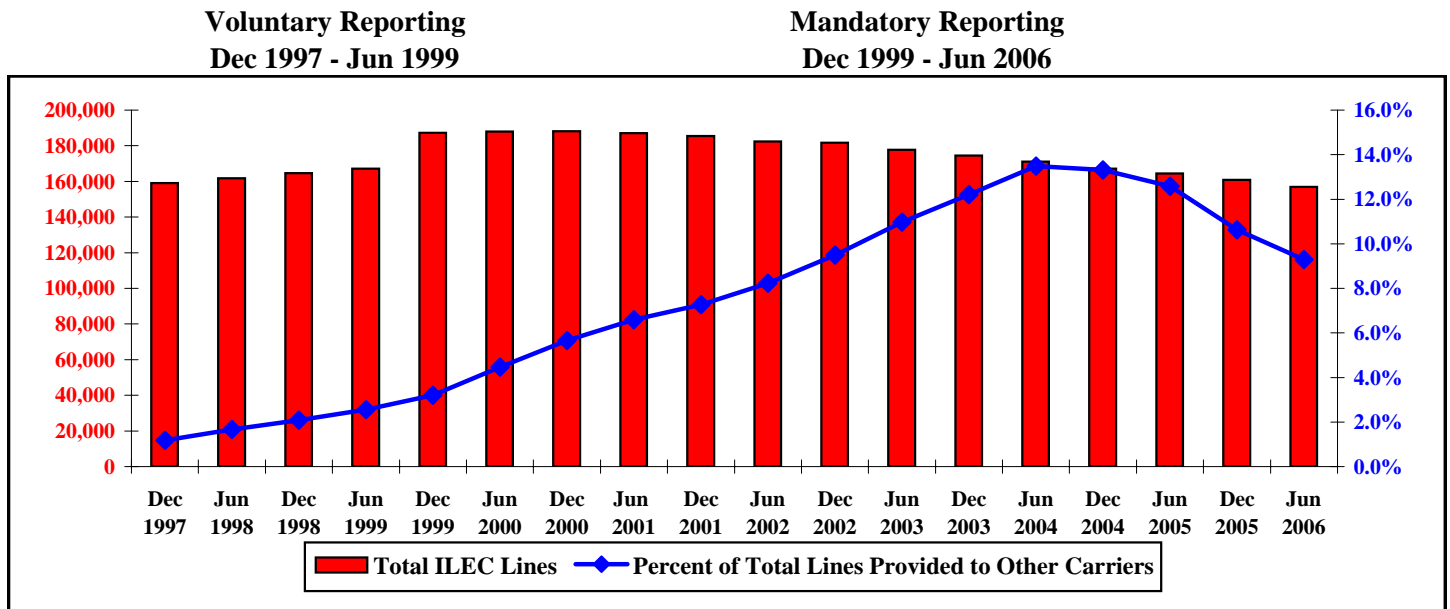


Table 8.5
End-User Switched Access Lines Served by Reporting Local Exchange Carriers
(As of June 30, 2006)

State	ILECs	CLECs	Total	CLEC Share
Alabama	1,978,871	365,944	2,344,815	16 %
Alaska	324,892	116,432	441,324	26
American Samoa	11,008	0	11,008	0
Arizona	2,226,531	970,453	3,196,984	30
Arkansas	1,192,839	162,525	1,355,364	12
California	19,479,382	2,900,279	22,379,661	13
Colorado	2,276,358	528,727	2,805,085	19
Connecticut	1,928,048	261,681	2,189,729	12
Delaware	467,676	101,513	569,189	18
District of Columbia	891,832	144,600	1,036,432	14
Florida	9,013,194	1,617,538	10,630,732	15
Georgia	3,843,615	909,236	4,752,851	19
Guam	67,721	0	67,721	0
Hawaii	608,403	60,696	669,099	9
Idaho	666,382	80,698	747,080	11
Illinois	6,354,337	1,139,239	7,493,576	15
Indiana	3,079,875	338,113	3,417,988	10
Iowa	1,302,210	229,603	1,531,813	15
Kansas	1,100,313	346,533	1,446,846	24
Kentucky	1,732,044	337,265	2,069,309	16
Louisiana	1,800,472	394,199	2,194,671	18
Maine	692,360	134,610	826,970	16
Maryland	3,166,012	590,557	3,756,569	16
Massachusetts	3,075,544	978,953	4,054,497	24
Michigan	4,490,783	992,598	5,483,381	18
Minnesota	2,273,378	675,623	2,949,001	23
Mississippi	1,089,448	161,058	1,250,506	13
Missouri	2,841,990	425,768	3,267,758	13
Montana	460,058	61,726	521,784	12
Nebraska	661,351	244,058	905,409	27
Nevada	1,233,166	245,553	1,478,719	17
New Hampshire	624,466	195,539	820,005	24
New Jersey	4,784,134	993,630	5,777,764	17
New Mexico	865,466	76,512	941,978	8
New York	8,285,874	3,043,468	11,329,342	27
North Carolina	4,059,971	695,429	4,755,400	15
North Dakota	271,969	68,351	340,320	20
Northern Mariana Islands	21,313	0	21,313	0
Ohio	5,367,588	951,812	6,319,400	15
Oklahoma	1,472,856	361,715	1,834,571	20
Oregon	1,627,341	305,519	1,932,860	16
Pennsylvania	6,385,263	1,572,224	7,957,487	20
Puerto Rico	1,035,002	*	*	*
Rhode Island	362,993	275,526	638,519	43
South Carolina	1,907,925	329,943	2,237,868	15
South Dakota	279,589	135,275	414,864	33
Tennessee	2,675,649	575,957	3,251,606	18
Texas	9,958,460	1,905,521	11,863,981	16
Utah	915,178	281,796	1,196,974	24
Vermont	369,731	49,094	418,825	12
Virgin Islands	69,272	*	*	*
Virginia	3,818,918	1,046,894	4,865,812	22
Washington	2,993,977	506,360	3,500,337	14
West Virginia	852,152	117,009	969,161	12
Wisconsin	2,669,652	611,912	3,281,564	19
Wyoming	244,836	39,443	284,279	14
Nationwide	142,249,668	29,782,241	172,031,909	17 %

* Data withheld to maintain firm confidentiality.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Table 8.6
Competitive Local Exchange Carrier Share of End-User Switched Access Lines

State	2000		2001		2002		2003		2004		2005		2006
	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Alabama	3 %	4 %	5 %	5 %	5 %	9 %	11 %	13 %	15 %	16 %	16 %	15 %	16 %
Alaska	*	*	*	*	*	*	*	*	*	*	*	*	26
American Samoa	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	0
Arizona	5	5	7	9	11	12	16	22	25	25	27	30	30
Arkansas	*	*	*	*	*	10	*	11	12	12	13	11	12
California	5	6	7	8	9	11	13	15	16	17	18	13	13
Colorado	7	9	10	13	14	15	16	17	17	16	17	20	19
Connecticut	5	6	7	7	9	9	10	10	11	13	14	11	12
Delaware	*	*	0	0	*	*	9	12	16	16	20	20	18
District of Columbia	7	9	12	13	16	14	16	17	19	19	20	17	14
Florida	6	6	7	7	9	13	13	14	16	16	16	17	15
Georgia	6	8	10	11	13	15	17	18	19	20	21	18	19
Guam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0
Hawaii	*	0	*	*	*	*	*	*	*	*	6	7	9
Idaho	0	*	*	*	*	*	5	6	7	7	10	10	11
Illinois	7	9	13	15	17	19	19	20	21	22	20	15	15
Indiana	4	5	5	5	7	8	9	13	14	13	14	10	10
Iowa	9	11	11	12	12	13	13	13	14	14	14	14	15
Kansas	5	7	8	9	12	17	21	21	22	24	25	21	24
Kentucky	*	3	*	*	*	4	5	8	11	11	14	15	16
Louisiana	2	3	4	4	5	7	9	10	12	14	19	17	18
Maine	*	*	*	*	*	*	8	10	14	18	20	20	16
Maryland	3	4	6	4	6	7	10	14	16	18	18	18	16
Massachusetts	8	11	12	15	16	16	18	21	23	25	25	25	24
Michigan	5	6	9	13	18	21	22	25	26	26	25	19	18
Minnesota	7	9	11	13	14	17	17	19	20	21	21	24	23
Mississippi	*	4	4	3	2	6	7	9	10	10	14	12	13
Missouri	5	6	6	7	8	10	10	11	13	13	14	11	13
Montana	*	*	*	*	*	*	3	4	4	4	8	10	12
Nebraska	*	*	*	12	16	18	20	21	22	25	25	26	27
Nevada	*	*	10	*	*	11	9	10	11	11	13	13	17
New Hampshire	*	6	8	10	13	14	16	17	20	23	25	25	24
New Jersey	4	5	4	5	6	10	15	19	20	22	22	21	17
New Mexico	*	*	*	*	*	*	*	*	8	8	8	7	8
New York	16	20	23	25	25	24	27	28	30	30	30	31	27
North Carolina	4	4	6	6	6	8	9	9	11	13	13	15	15
North Dakota	*	*	*	*	*	*	*	8	8	7	20	19	20
Northern Mariana Isl.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0
Ohio	4	4	4	5	7	9	11	14	15	15	15	15	15
Oklahoma	*	5	6	8	10	11	11	14	13	16	18	18	20
Oregon	3	4	5	7	7	9	8	12	13	16	13	19	16
Pennsylvania	8	10	13	14	15	16	17	19	20	22	23	23	20
Puerto Rico	*	*	*	*	*	*	*	*	*	*	*	*	*
Rhode Island	*	*	10	16	18	21	25	28	32	35	40	42	43
South Carolina	*	4	4	3	5	7	9	9	10	11	13	13	15
South Dakota	*	*	*	*	*	*	14	18	*	*	30	33	33
Tennessee	6	6	8	8	7	9	10	11	14	15	16	17	18
Texas	7	13	14	16	16	17	18	18	19	19	19	16	16
Utah	6	10	11	13	13	15	19	20	23	24	23	22	24
Vermont	*	*	*	*	*	*	*	*	*	*	14	12	12
Virgin Islands	0	0	0	0	0	0	0	0	0	0	*	*	*
Virginia	5	7	9	11	12	12	14	17	20	21	21	22	22
Washington	5	6	6	8	9	10	10	11	13	14	14	14	14
West Virginia	*	*	*	*	*	*	*	*	*	11	12	12	12
Wisconsin	7	8	9	11	12	13	15	18	19	18	19	18	19
Wyoming	*	*	*	*	*	*	*	*	*	*	11	12	14
Nationwide	6 %	8 %	9 %	10 %	11 %	13 %	15 %	16 %	18 %	18 %	19 %	18 %	17 %

* Data withheld to maintain firm confidentiality. NA is an abbreviation for not applicable. Some data have been revised for June and December 2005.

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report.

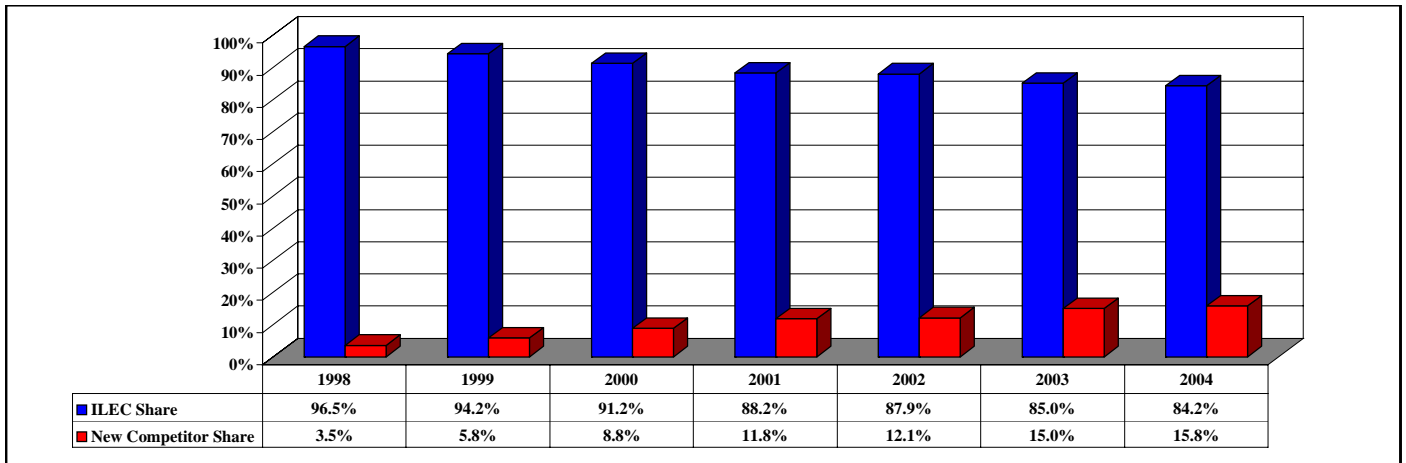
Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Table 8.7
Nationwide Local Service Revenues and New Competitors' Share¹
(Dollar Amounts Shown in Millions)

	TRS Data				TRS & USF Data		FCC Form 499 Data					
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Number of Local Competitors¹												
RBOCs & Other Incumbent LECs	1,281	1,347	1,347	1,376	1,410	1,348	1,318	1,335	1,335	1,309	1,301	1,270
CAPs & CLECs	20	30	57	94	129	212	298	479	511	542	601	690
Local Resellers, Shared Tenant, Private Carriers, & Other Local All Other Carriers Reporting	NA	NA	NA	25	18	64	96	128	158	186	172	228
<u>Local Exchange Service Revenues</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>74</u>	<u>109</u>	<u>133</u>	<u>143</u>	<u>229</u>	<u>168</u>	<u>176</u>	<u>179</u>	<u>186</u>
Total ²	1,301	1,377	1,404	1,569	1,666	1,757	1,855	2,171	2,172	2,213	2,253	2,374
Local Service Revenues³												
Incumbent LECs												
Bell Operating Companies ⁴	\$58,838	\$61,415	\$65,485	\$70,290	\$68,028	\$69,801	\$76,586	\$93,135	\$93,388	\$91,158	\$85,558	\$82,555
<u>Other Incumbent LECs⁴</u>	<u>20,894</u>	<u>22,507</u>	<u>24,269</u>	<u>24,899</u>	<u>24,960</u>	<u>26,989</u>	<u>26,084</u>	<u>15,166</u>	<u>17,490</u>	<u>17,590</u>	<u>18,141</u>	<u>18,326</u>
Total ⁵	79,732	83,922	89,754	95,189	92,988	96,790	102,670	108,301	110,879	108,749	103,699	100,881
Local Service Competitors												
CAPs & CLECs	174	269	595	949	1,556	2,393	4,505	7,552	10,629	10,001	12,373	12,363
Local Resellers, Shared Tenant, Private Carriers, & Other Local All Other Filers (Local Exchange <u>Service Revenues Only⁵</u>)	NA	NA	NA	NA	224	329	522	914	1,395	1,644	943	1,405
<u>Service Revenues Only⁵</u>	<u>46</u>	<u>32</u>	<u>56</u>	<u>59</u>	<u>381</u>	<u>809</u>	<u>1,319</u>	<u>2,028</u>	<u>2,796</u>	<u>3,337</u>	<u>4,979</u>	<u>5,136</u>
Total	220	301	651	1,008	2,161	3,530	6,347	10,494	14,820	14,982	18,295	18,904
Total	\$79,952	\$84,224	\$90,405	\$96,197	\$95,149	\$100,320	\$109,016	\$118,795	\$125,698	\$123,730	\$121,994	\$119,785
Share of Local Service Revenues												
Incumbent LECs												
Bell Operating Companies	73.6%	72.9%	72.4%	73.1%	71.5%	69.6%	70.3%	78.4%	74.3%	73.7%	70.1%	68.9%
<u>Other Incumbent LECs</u>	<u>26.1%</u>	<u>26.7%</u>	<u>26.8%</u>	<u>25.9%</u>	<u>26.2%</u>	<u>26.9%</u>	<u>23.9%</u>	<u>12.8%</u>	<u>13.9%</u>	<u>14.2%</u>	<u>14.9%</u>	<u>15.3%</u>
Total	99.7%	99.6%	99.3%	99.0%	97.7%	96.5%	94.2%	91.2%	88.2%	87.9%	85.0%	84.2%
Local Service Competitors												
CAPs & CLECs	0.2%	0.3%	0.7%	1.0%	1.6%	2.4%	4.1%	6.4%	8.5%	8.1%	10.1%	10.3%
Local Resellers, Shared Tenant, Private Carriers, & Other Local Providers	NA	NA	NA	NA	0.2%	0.3%	0.5%	0.8%	1.1%	1.3%	0.8%	1.2%
All Other Filers	<u>0.1%</u>	<u>0.0%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.4%</u>	<u>0.8%</u>	<u>1.2%</u>	<u>1.7%</u>	<u>2.2%</u>	<u>2.7%</u>	<u>4.1%</u>	<u>4.3%</u>
Total	0.3%	0.4%	0.7%	1.0%	2.3%	3.5%	5.8%	8.8%	11.8%	12.1%	15.0%	15.8%
Total Telecommunications Revenues (Including Payphone, Mobile, & Toll Service)												
Incumbent LECs ⁴	\$95,228	\$98,431	\$102,820	\$107,905	\$105,154	\$108,234	\$112,216	\$116,158	\$117,885	\$114,999	\$109,480	\$105,496
Local Competitors	191	274	637	1,012	2,481	4,034	6,508	10,945	14,781	15,309	16,857	18,215
Ratio of ILEC Total Telecommunications Revenues to Local Competitor	498 : 1	351 : 1	165 : 1	107 : 1	42 : 1	27 : 1	17 : 1	11 : 1	8 : 1	8 : 1	6 : 1	6 : 1
Total Telecommunications Revenues												

See notes on following page.

Chart 8.5
ILEC and New Local Competitor Share of Local Service Revenue



Notes to Table 8.7.

NA - Not available.

¹ Counts for incumbent LECs, CLECs, CAPs, local resellers, shared tenant service providers, private carriers and other local service providers are based on the numbers of filers actually reporting revenues. The category All Other Filers includes payphone, mobile service, and toll providers that reported local exchange service revenues. Non-incumbent LEC affiliates of incumbent LECs are classified as local service competitors, not as incumbent LECs.

² The total number of local service providers shown in Table 8.7 differs from the total fixed local service providers shown in Table 15.3 because the number shown in Table 8.7 includes filers that self identify as mobile or toll providers, but that report some local exchange service revenues.

³ For 1993 through 1996, for most categories of carriers, local service revenues include revenues from the following TRS reporting categories: local exchange, local private line, other local services, interstate access services, and intrastate access services. The amounts shown do not include pay telephone, mobile, or toll service revenues. See also footnote four. 1998 revenues for carriers that filed TRS worksheets but not universal service worksheets were estimated using 1998 TRS worksheets. These worksheets contain carrier revenue data for calendar year 1997.

⁴ Incumbent LEC local service revenues for 1996 and prior years include significant amounts of yellow pages, billing and collection, and other revenues that were reported as other local service revenues. If these revenues were included in 1997, incumbent LECs would show significant revenue growth from 1996 to 1997. Inside wire maintenance was included in local service revenues in 1997 but not thereafter.

⁵ Toll carriers typically provide resold special access and private line services as part of toll service operations. Accordingly, the table shows local exchange revenues rather than all local revenues for these carriers.

Sources: Data filed on FCC Forms 431, 457, 499-Q and 499-A worksheets. See also: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006).

Table 8.8
Telephone Number Porting Activity Since Wireless Porting Started¹

Month	Landline to Landline (thousands)	Landline to Mobile (thousands)	Mobile Mobile ² (thousands)	Cellular/PCS to Landline (thousands)	Total (thousands)
2003 November ³	561	2	61	1	625
December	638	12	756	1	1,407
2004 January	809	24	713	1	1,547
February	711	65	591	2	1,369
March	776	79	632	1	1,488
April	718	49	613	1	1,381
May	756	73	689	1	1,519
June	789	165	873	2	1,829
July	656	143	806	3	1,608
August ⁴	786	95	824	*	1,705
September	701	43	787	1	1,532
October	899	97	738	1	1,735
November	736	131	736	2	1,605
December	692	86	910	1	1,689
2005 January	698	53	808	2	1,561
February	936	81	735	1	1,753
March	1,257	74	815	2	2,148
April	959	55	797	1	1,812
May	892	56	862	1	1,811
June	1,064	38	1,153	2	2,257
July	1,006	62	982	2	2,052
August	1,203	42	933	2	2,179
September	1,114	31	835	2	1,982
October	991	37	866	2	1,896
November	1,023	29	826	2	1,880
December	1,079	22	1,031	2	2,135
2006 January	1,242	37	879	4	2,162
February	1,347	22	807	3	2,178
March	1,422	19	876	2	2,319
April	1,095	19	747	2	1,863
May	1,213	46	813	2	2,073
June	1,010	30	862	2	1,904
Cumulative Total	29,779	1,817	25,356	54	57,004

* Indicates a number between 1 and 499.

¹ Monthly figures include numbers that were ported back to the original carrier, or where the subscriber with the ported number terminated service.

² Excludes significant porting activity between Cingular and AT&T Wireless following the closing of their merger in October 2004.

³ Wireless porting started November 24, 2003. These figures include all ports during the month of November, which for ports from or to a wireless carrier, include a small number of test ports that happened prior to November 24.

⁴ Due to a data problem, does not include numbers that were ported back to the original carrier, or where the subscriber with the ported number terminated service.

Source: Raw data from Local Number Portability Administrator (NeuStar, Inc.). Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

Table 8.9

Telephone Numbers Remaining in the Porting Database at the End of Each Quarter ¹

Year	Quarter	Landline to	Landline to	Mobile to	Mobile to	Total
		Landline	Mobile	Mobile ²	Landline	
		(thousands)		(thousands)		(thousands)
1999	Second	1,840	*	*	*	1,840
	Third	2,658	*	*	*	2,658
	Fourth	3,854	*	*	*	3,854
2000	First	5,029	*	*	*	5,029
	Second	5,781	*	*	*	5,781
	Third	7,595	*	*	*	7,595
	Fourth	9,146	*	*	*	9,146
2001	First	10,567	*	*	*	10,567
	Second	12,310	*	*	*	12,310
	Third	14,610	*	*	*	14,610
	Fourth	15,519	*	*	*	15,519
2002	First	16,810	*	*	*	16,810
	Second	18,210	*	*	*	18,210
	Third	19,862	*	*	*	19,862
	Fourth	21,449	*	*	*	21,449
2003	First	22,781	*	*	*	22,781
	Second	23,723	*	*	*	23,723
	Third	24,796	*	*	*	24,796
	Fourth	25,869	16	795	2	26,682
2004	First	28,462	173	2,686	3	31,324
	Second	28,371	406	4,635	4	33,417
	Third	29,396	667	6,874	9	36,945
	Fourth	30,607	832	9,041	11	41,491
2005	First	32,399	1,001	10,860	16	44,276
	Second	34,136	1,092	12,926	19	48,173
	Third	35,959	1,201	14,327	23	51,510
	Fourth	37,607	1,226	16,101	29	54,963
2006	First	40,193	1,273	17,577	34	59,077
	Second	42,130	1,333	19,032	42	62,538

* Wireless portability started November 24, 2003. A small number of test ports were conducted before then.

¹ Numbers ported because customer changed carriers. The database contains the date when the telephone number record was last updated. For most telephone numbers, this was the most recent port. For those telephone numbers affected by area code changes, however, the date refers to when the record was updated to reflect the new area code. See the text for a fuller discussion.

² Excludes significant porting activity between Cingular and AT&T Wireless following the closing of their merger. Source: Raw data from Local Number Portability Administrator (NeuStar, Inc.). Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

Table 8.10
Numbers in the Porting Database by Quarter in Which They Were Most Recently Ported¹
June 30, 2006²

Ported During Year	Quarter	Landline to Landline	Landline to Mobile	Mobile to Mobile	Mobile to Landline
		(thousands)		(thousands)	
1998	First	0 ³	*	*	*
	Second	3	*	*	*
	Third	41	*	*	*
	Fourth	138	*	*	*
1999	First	232	*	*	*
	Second	355	*	*	*
	Third	399	*	*	*
	Fourth	516	*	*	*
2000	First	549	*	*	*
	Second	597	*	*	*
	Third	743	*	*	*
	Fourth	860	*	*	*
2001	First	851	*	*	*
	Second	1,042	*	*	*
	Third	1,086	*	*	*
	Fourth	1,258	*	*	*
2002	First	1,122	*	*	*
	Second	1,256	*	*	*
	Third	1,667	*	*	*
	Fourth	1,665	*	*	*
2003	First	1,240	*	*	*
	Second	1,346	*	*	*
	Third	1,343	*	*	*
	Fourth	1,287	10	530	1
2004	First	1,773	125	1,265	1
	Second	1,736	129	1,542	2
	Third	1,826	206	1,830	6
	Fourth	1,761	229	1,918	3
2005	First	2,214	171	1,793	2
	Second	2,403	118	1,949	2
	Third	2,745	122	2,212	3
	Fourth	2,594	82	2,279	3
2006	First	3,564	71	2,258	4
	Second	2,985	94	2,230	3

* Wireless portability started November 24, 2003. A small number of test ports were conducted before then. NeuStar supplies information indicating which carrier are wireless and which are wireline. Occasionally, a carrier that had been identified as a wireline carrier is later identified as a wireless carrier, and vice-versa.

¹ Numbers ported because customer changed carriers.

² The local number portability database was designed solely for the purpose of routing calls. As such, it retains only the most recent porting activity for any given number. So if a consumer ports a number from Carrier A to Carrier B, and later the consumer then ports the number from Carrier B to Carrier C, the database will not reflect the original port from Carrier A to Carrier B. Also, numbers that revert back to the original carrier (either because the customer ports the number back to the original carrier or because the customer discontinues service with that number) are dropped from the database. Lastly, area code splits can make a number appear to be ported later than it actually was.

³ Number is between 0 and 499.

Source: Raw data from Local Number Portability Administrator (NeuStar, Inc.). Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau.

9 Long Distance Telephone Industry

Until the 1970s, AT&T had a virtual monopoly on long distance service in the United States. In the 1970s, competitors such as MCI and Sprint began also to offer long distance service. With the gradual emergence of competition, basic rates dropped, calling surged, and AT&T's dominance declined.

More than 1,200 companies now offer wireline long distance service. These carriers remain subject to the Commission's jurisdiction. The Commission, however, has chosen to rely on competition, rather than regulation, as much as possible. Thus, the Commission forbears from regulating most aspects of long distance service.

1. Toll Revenues

In 2004, carriers providing toll service generated \$70.1 billion in toll revenues. These include toll revenues from long distance carriers, wireless toll from wireless carriers, and toll revenues from local exchange carriers. These revenues are shown in Table 9.1.

Toll calls can be divided into three jurisdictional categories - intrastate calls, domestic interstate calls, and international calls. The revenues, from 1980 through 2004, for each of the three jurisdictional categories are shown in Table 9.2.

Toll revenues also can be divided between residential and nonresidential services, as in Table 9.3. In 2004, residential customers generated over one third of all end-user toll revenues.

2. Number of Companies

The number and types of carriers reporting long distance revenues are shown in Table 9.4. The Telecommunications Reporting Worksheet (FCC Form 499-A) requires each filer to select up to five of 20 categories as best describing its primary line of business. Six of these categories consist of carriers that are primarily engaged in providing long distance service and are collectively described as being toll carriers: interexchange carriers (IXCs), operator service providers (OSPs), other toll service providers, prepaid calling card providers, satellite service providers, and toll resellers.

In 2004, 1,204 filers selected at least one of the above toll service provider categories as their primary line of business and are therefore categorized as being a toll carrier. (They were also asked to rank their choices with *one* being the most important.

Prior to 1986, carrier identification codes (CICs) provided information on the number of firms seeking to acquire certain types of interconnecting arrangements with local telephone companies. Beginning in 1986, a number of corporations, government agencies and other organizations began to acquire carrier identification codes for their own use, rather than for the purpose of providing telecommunications services to others.

After that time, the use of such codes to estimate the number of long distance carriers became less reliable. The number of codes assigned over time can be found in the long distance section of the May 2004 *Trends* report which can be accessed at www.fcc.gov/web/stats.html.

CICs are currently assigned by the North American Numbering Plan Administration (NANPA), which is part of Neustar, Inc. Further information on such codes can be found on the Internet at www.nanpa.com.

3. Long Distance Market Shares

A generation ago, before the breakup of the Bell System, AT&T's local telephone companies provided local service to most of the United States. At the beginning of 1984, however, AT&T's local operating companies were divested in the settlement of an antitrust case.

After the AT&T divestiture, AT&T's former operating companies were restricted to providing service within their own local access and transport areas (LATAs), i.e., they were precluded from offering toll service that crossed LATA boundaries. As a result, two separate and distinct toll markets emerged.

In the first, AT&T competed with small but rapidly growing competitors for calls that crossed LATA boundaries. This market included almost all interstate and international calls and a large number of intrastate toll calls as well. A second and much smaller market consisted of short distance toll calls that did not cross LATA boundaries. This second market was dominated, at least initially, by the local exchange carriers operating within their own service territories.

Over time, the distinctions between the two markets have become blurred as customers acquired the ability to select among competing carriers for their intraLATA calls as well as their interLATA calls. As discussed in greater detail in the following section, the 1996 Telecommunications Act established a procedure for Bell companies to offer in-region, interLATA long distance service after complying with certain preconditions to open their own markets.

Bill Harvesting® data collected by TNS Telecoms (TNS) are used to calculate residential market shares. Further information on TNS and its Bill Harvesting® data can be found in Section 14 and in Appendix B. Table 9.5, which is based on this information, presents nationwide market shares of households, and directly dialed intraLATA and interLATA minutes from 1995 to 2005. Chart 9.2 shows the residential household market shares for the largest carriers for 2005. Table 9.6 presents market shares by region for 2005. Chart 9.3 shows residential market shares for the largest carriers for the northeast and southwest regions for 2005.

4. Section 271 Applications

Section 271 of the Communications Act required the regional Bell operating companies (RBOCs) to apply to the Commission, on a state-by-state basis, for authorization to provide in-region interLATA services. To obtain such authorization pursuant to section 271, the RBOC had to demonstrate that it satisfied the 14-point competitive checklist, that it complied with the separate affiliate and nondiscrimination requirements of section 272, and that the requested authorization was consistent with the public interest, convenience, and necessity. After a section 271 application was filed with the Commission, the Commission had 90 days to determine whether the RBOC had taken the statutorily required steps to open its local telecommunications markets to competition.

A RBOC applicant had to demonstrate either that: A) one or more unaffiliated competing providers of local telephone service to residential and business subscribers was connected to the RBOC's network, and that such local telephone service was being "offered by such competing providers either exclusively over their own telephone exchange service facilities or predominately over their own telephone exchange service facilities in combination with the resale of the telecommunications services of another carrier" (commonly referred to as "Track A"); or B) if no potential competing provider had requested to connect to a RBOC's network, the RBOC had a statement of generally available terms and conditions in place demonstrating that it is ready to allow potential competitors to connect to its facilities (commonly referred to as "Track B").

On December 22, 1999, the first regional Bell operating company's application (Bell Atlantic, now known as Verizon) was approved by the Commission to provide in-region interLATA service in the state of New York. On December 3, 2003, the final Bell operating company's application (Qwest) was approved to provide in-region interLATA service in the state of Arizona. Table 9.7 shows the states in which the BOCs filed section 271 applications, the Bell operating company's name, and the application's resolution date.

The companies approved must continue to comply with the section 271 requirements. The Commission has a number of enforcement tools at its disposal, including imposing penalties or suspension of approval.

Table 9.1
Total Toll Service Revenues by Provider
(Dollar Amounts Shown in Millions)

Company	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
AT&T Companies ¹											
AT&T Communications, Inc.	\$37,166	\$38,069	\$39,264	\$39,470	\$40,551	\$39,680	\$37,646	\$33,310	\$27,094	\$22,418	\$22,243
Alascom, Inc.	329	325									
Teleport Communications Group, Inc.						284	464	632	437	396	1,376
ACC Long Distance Corp.			118	122	123						
MCI Companies ²											
MCI - L.D. Operations					22,192	23,431	22,554	21,259	17,659	16,062	11,602
MCI Telecommunications Corp.	11,715	14,617	16,372	17,150							
WorldCom, Inc.	2,221	3,640	4,485	5,897							
Wiltel, Inc.	917										
MFS Intelenet, Inc.		118	122								
Intermedia Communications, Inc.					380	516	444				
Sprint Corporation - Long Distance Division	6,805	7,277	7,944	8,595	7,994	9,708	9,038	8,424	7,077	6,326	5,900
SBC Companies											
SBC Communications, Inc. [ILEC] ³							2,748	2,420	2,182	2,083	1,692
SBC Long Distance, Inc.*								449	729	1,572	2,892
SNET America, Inc.*				142	162	186	189	177	158	154	143
Verizon Companies											
Bell Atlantic Comm, Inc. d/b/a Verizon Long Dist.*							130	864	1,433	1,802	2,041
Verizon Communications, Inc. [ILEC] ³							2,278	1,988	1,668	1,629	1,555
Verizon Select Services, Inc.				340	607	834	1,004	509		223	441
NYNEX LD Co. d/b/a Verizon Enter. Solutions *										316	316
Qwest Companies ⁴											
Qwest Communications Corp.*						320	517	1,773	2,309	3,202	2,824
Qwest Communications, Inc. [ILEC] ³							374	264	175	124	78
Qwest LD Corp.											366
Qwest Enterprise America, Inc.											339
LCI Int'l Telecom Corp. d/b/a Qwest Comm. Svcs. *	453	671	1,103	1,001	1,664	1,394	1,271	871			
USLD Communications, Inc.*	136	155	188	241	279	216					
IDT Corporation					376	850	945	1,303	1,532	1,835	2,217
Global Crossing Companies											
Global Crossing Bandwidth, Inc.	144	127		324	539	692	1,555	1,225	1,312	1,565	1,317
Global Crossing Telecommunications, Inc.	568	827	1,119	775	874	874	801	817	786	615	625
Global Crossing North American Networks, Inc.	306	309	323	223			196				
International Exchange Ntwks, Ltd. (IXnet, Inc.)							131				
BellSouth Companies											
BellSouth Long Distance, Inc. *								294	486	928	1,483
BellSouth Telecommunications, Inc. [ILEC] ³							466	412	341	341	268
WilTel Communications, LLC ⁵				227	126	184	413	593	737	1,112	1,302
VarTec Companies											
VarTec Telecom, Inc.	107	125	470	820	836	819	923	947	793	404	c
Excel Telecommunications, Inc.	156	363	1,091	1,179	1,219	942	703	611	427	665	c
eMeritus Communications, Inc.	215	429	379	264	260	169					
Long Distance Wholesale Club			176	121	131						
Broadwing Communications, LLC										310	658
Teleglobe America Inc.					275	557	282	208	269	409	508
ITC^DeltaCom Cos. ⁶											
ITC^DeltaCom Communications, Inc					122	172	270	259	311	308	324
Business Telecom, Inc.		115	149	195	212	260	271	286	251	228	177
Citizens Communications Cos. ⁷											
Frontier Communications of America, Inc.	133	121									193
Electric Lightwave, Inc.							145	227	180	176	169
General Communication, Inc. ⁸	106	120	143	158	175	184	211	238	227	263	283
McLeodUSA Telecommunications Services, Inc.						232	448	463	358	274	225
Evercom Systems, Inc.						205	206	245	239	184	206
Level 3 Communications, LLC								160	131	134	190
ALLTEL Communications, Inc. (ACI)						120	175	174	160	175	188
Primus Telecommunications, Inc.										219	183
Talk America Inc.		180	232	305	426	398	428	249	160	158	176
Americatel Corporation						129	188	269	246	193	139
Norlight Telecommunications, Inc.							119	142	140	141	136
Sum of Above Companies [#]											65,258
Toll Service Revenues of Above Companies											58,537
Incumbent Local Exchange Carriers ⁸	13,375	11,332	11,248	10,215	9,429	8,046					
Other Toll Service Providers ⁹	9,626	10,709	14,765	13,029	15,783	16,647	20,827	16,702	12,797	12,034	12,677
Total Toll Service Revenues ¹⁰	\$84,478	\$89,629	\$99,691	\$100,793	\$105,055	\$108,246	\$109,616	\$99,300	\$83,697	\$77,188	\$71,214

Note: Total toll service revenues include intrastate, interstate and international toll revenues. Also, some numbers for previous years have been revised for consistency with other reports.

Some of the companies included non toll-related revenues in their annual submissions filed pursuant to Section 43.21(c) of the Commission's rules.

* Regional Bell Operating Company's long distance subsidiaries.

Notes for Table 9.1

- 1 ACC Long Distance Corp. and Teleport Communications Group merged in April of 1998, and the combined company, Teleport Communications Group, merged with AT&T Communications, Inc. in July of that year. AT&T Communications acquired Alascom, Inc. on August 7, 1995 and began filing a consolidated revenue statement in 1996.
- 2 On July 21, 2002, WorldCom and substantially all of its U.S. subsidiaries filed voluntary petitions for relief in the U.S. Bankruptcy Court for the Southern District of New York under Chapter 11 of Title 11 of the U.S. Bankruptcy Code. On April 20, 2004, WorldCom emerged from bankruptcy and merged with and into MCI whereby the separate existence of WorldCom ceased and MCI became the surviving company.
- 3 Includes revenue for long distance and data services.
- 4 Qwest Interprise America, Inc. is a subsidiary for out-of-region DSL (Digital Subscriber Line); and Qwest LD Corp. is a subsidiary for in-region long distance.
- 5 In November 2003, WilTel Communications, LLC became a wholly-owned, indirect subsidiary of Leucadia National Corporation. Thus, it no longer files with the SEC (Securities & Exchange Commission) on a stand-alone basis.
- 6 Excludes operating revenues derived from non-communications (i.e., non-regulatory) operations.
- 7 Citizens Communications Company offers its ILEC services under the "Frontier" name, and its CLEC services through Electric Lightwave, Inc. Both companies are wholly-owned subsidiaries of Citizens and were acquired, respectively, in June of 2001 and June of 2002.
- 8 Operating revenue of Cincinnati Bell Any Distance Inc, a wholly-owned subsidiary of Cincinnati Bell Inc, is below the indexed revenue threshold for the calendar-year 2004.
- 9 BCSI, Inc. sold all of its customers and all of its operating assets to C III Communications, LLC in June of 2003. As a result, it ceased doing business and did file a revenue report pursuant to § 43.21(c) of the Commission's Rules for the calendar-year 2004.
- 10 Operating revenue is below the indexed revenue threshold for the calendar-year 2004.
- 11 ILECs' totals are shown separately through 1999 because they primarily carried intraLATA calls due, in part, to the restrictions imposed on the RBOCs by the 1984 Divestiture Agreement. By 2000, most local exchange customers could presubscribe to any carrier for intraLATA toll service and some RBOCs began to receive Section 271 approval to provide interLATA toll services.
- 12 Includes wireless toll service revenues reported by wireless carriers, toll service revenues reported by CLECs, and toll service revenues reported by non-RBOC ILECs.

Table 9.2
Intrastate, Interstate, and International Toll Revenues
(Dollar Amounts Shown in Millions)

Year	Toll Revenues				End-User Revenues			
	Intrastate	Interstate	International	Total Toll Revenues	Intrastate	Interstate	International	Total Toll Revenues
1980	\$12,700	\$19,049	\$1,586	\$33,335			\$1,475	
1981	14,632	21,948	2,599	39,180			2,485	
1982	16,457	24,685	2,777	43,919			2,651	
1983	17,612	26,418	2,940	46,970			2,802	
1984	19,077	28,616	3,463	51,156			3,309	
1985	20,408	30,613	3,794	54,815			3,636	
1986	21,340	32,010	4,119	57,468			3,947	
1987	21,563	32,345	4,611	58,519			4,436	
1988	22,900	34,350	5,350	62,600			5,146	
1989	23,850	35,775	6,399	66,024			6,340	
1990	25,622	33,678	7,492	66,792			7,390	
1991	24,090	35,837	8,631	68,558			8,480	
1992	27,667	37,871	10,207	75,744			9,810	
1993	30,950	40,212	11,364	82,525			10,901	
1994	29,815	42,028	12,635	84,478			12,100	
1995	31,519	43,955	14,155	89,629			13,144	
1996	34,181	48,903	16,607	99,691			15,023	
1997	32,859	49,247	18,688	100,793	\$30,144	\$43,640	15,409	\$89,193
1998	34,699	50,000	20,356	105,055	30,800	44,153	16,654	91,607
1999	33,600	54,590	20,056	108,246	29,976	47,598	15,737	93,311
2000	33,030	56,225	20,361	109,615	28,501	42,980	16,286	87,767
2001	29,530	46,389	23,381	99,301	25,891	36,660	16,751	79,302
2002	25,772	39,725	18,200	83,697	22,122	31,707	13,392	67,222
2003	23,160	38,550	15,479	77,188	18,889	28,088	12,006	58,983
2004	21,748	34,664	14,802	71,214	17,762	27,487	10,262	55,511

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006); International Bureau, *Trends in the U.S. International Telecommunications Industry* (September 2005); 47 CFR § 43.21(c) data through 1991. Through 1996, some breakouts based on staff estimates.

Chart 9.1
Toll Revenues by Market Segment
(Dollar Amounts Shown in Billions)

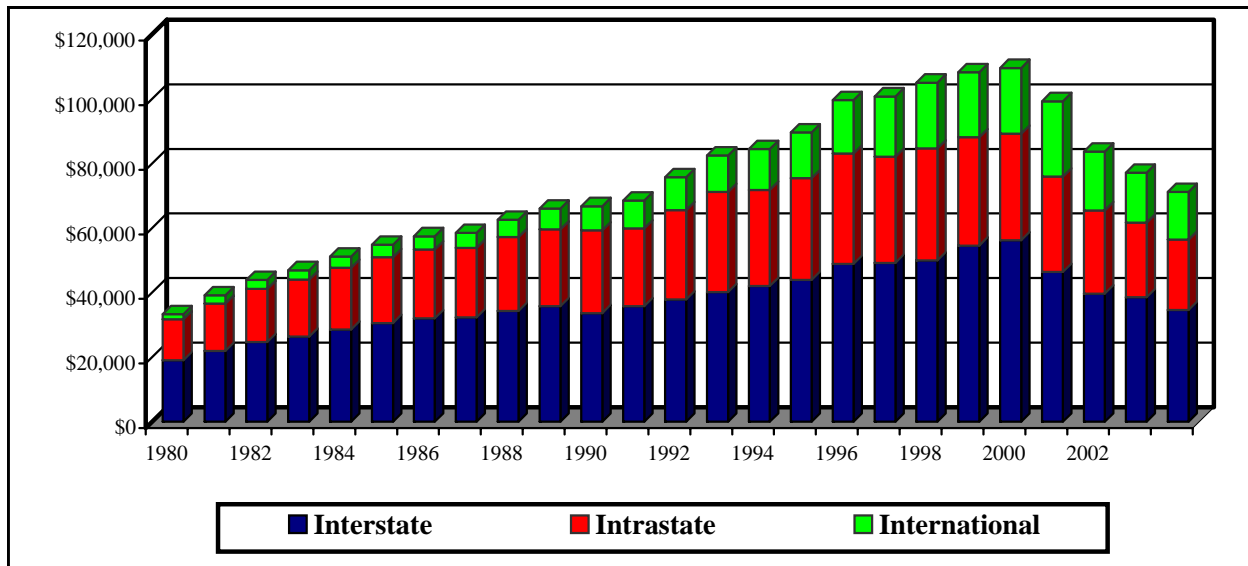


Table 9.3
End-User Toll Revenues
(Dollar Amounts Shown in Millions)

Year	Residential Toll as a Percentage of all End-User Toll Revenues 1/	End-User Toll Revenues 2/	End-User Toll Revenues By Customer Type	
			Residential	Other
1995	46 %	\$75,638	\$35,103	\$40,535
1996	45	82,616	37,543	45,074
1997	46	89,193	40,978	48,215
1998	44	91,607	40,284	51,323
1999	42	93,311	39,466	53,845
2000	38	87,767	33,327	54,440
2001	33	79,302	26,075	53,227
2002	34	67,222	23,018	44,204
2003	35	58,983	20,903	38,080
2004	33	55,511	18,535	36,976

Note: Data for some prior years have been revised.

- 1/ Staff estimates are based on market segment data in carrier annual reports to shareholders; average household payments to long distance carriers shown in Table 3.2; and residential toll revenues published by the U.S. Census Bureau in the *Service Annual Survey: 2002*, Table 3.3.11, and previous reports.
- 2/ Toll services are telecommunications services that enable customers to communicate outside of local exchange calling areas. Toll service revenues include revenues from ordinary long distance, subscriber toll-free, operator service, prepaid calling card, long distance private line, satellite services, and other long distance services. End-user toll revenues consist of toll service revenues from end-user customers, governments, non-profits, *de minimis* resellers, and any other customer that does not contribute directly to universal service.

Source: End-user toll revenues for 1997 through 2004 are taken from Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006), and previous editions. Figures for 1995 and 1996 are staff estimates.

**Table 9.4
Number of Toll Service Providers**

	TRS Data				TRS & USF Data		FCC Form 499-A Data					
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Carriers That Provide Toll Service 1/												
Toll Carriers												
Interexchange Carriers (IXCs)	83	97	130	149	151	171	178	212	233	229	232	257
Other Toll Carriers												
Operator Service Providers (OSPs)	35	29	25	27	32	24	15	20	19	18	17	19
Pre-paid Calling Card Providers	NA	NA	8	16	18	20	18	23	27	27	50	67
Satellite Service Providers	NA	NA	NA	22	13	13	17	25	34	33	40	40
Toll Resellers	171	206	260	345	340	388	406	493	558	574	642	751
Other Toll Service Providers	<u>32</u>	<u>34</u>	<u>30</u>	<u>28</u>	<u>15</u>	<u>31</u>	<u>17</u>	<u>35</u>	<u>69</u>	<u>51</u>	<u>45</u>	<u>70</u>
Total Toll Service Providers	321	366	453	587	569	647	651	808	940	932	1,026	1,204
Fixed Local Service, Payphone, and Mobile Service Filers with Toll Service Revenues	NA	NA	NA	NA	1,537	1,740	1,870	1,678	1,884	1,602	1,678	1,680
All Toll Service Providers	NA	NA	NA	NA	2,106	2,387	2,521	2,486	2,824	2,534	2,704	2,884

NA - Not available.

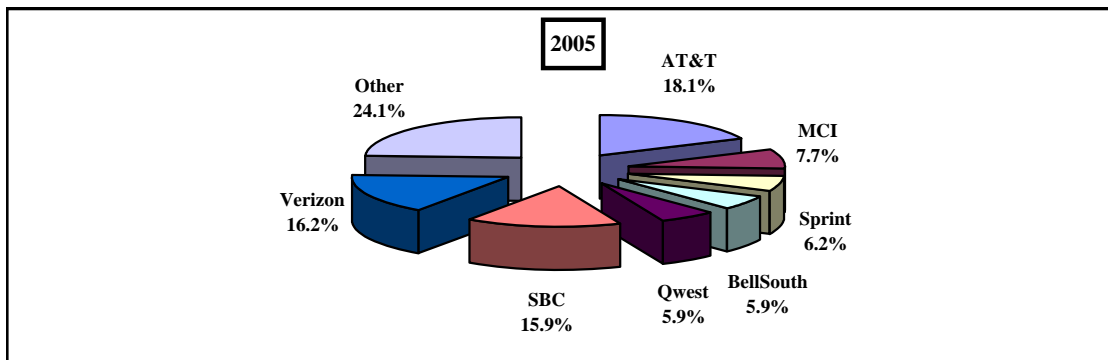
1/ Counts of toll carriers represent the numbers of filers that reported telecommunications revenues and that identified themselves using a toll carrier category. Filers that identified themselves as Fixed Local Service, Payphone, and Mobile Service providers were counted as toll providers only if they reported toll service revenues.

Sources: Data filed on FCC Forms 431, 457, and 499-A worksheets. See also: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006) and *Telecommunications Provider Locator* (March 2006), available at <http://www.fcc.gov/wcb/stats>.

Table 9.5
Residential Household Market Shares
(1995 - 2005)

	AT&T ¹	MCI ²	Sprint	BellSouth ³	Qwest ⁴	SBC ⁵	Verizon ⁶	Other ⁷
Households⁸								
1995	74.6 %	13.0 %	4.2 %	(7) %	(7) %	(7) %	(7) %	8.2 %
1996	69.9	14.1	5.0	(7)	(7)	(7)	(7)	11.0
1997	67.2	13.2	5.7	(7)	(7)	(7)	(7)	13.8
1998	62.6	15.1	5.7	(7)	(7)	(7)	(7)	16.6
1999	62.5	16.0	6.2	(7)	(7)	(7)	(7)	15.4
2000	51.1	18.0	6.6	0.1	1.6	1.0	4.6	17.0
2001	42.3	18.5	6.8	0.1	2.9	2.6	6.7	20.0
2002	36.7	15.8	7.6	0.2	2.5	3.8	9.3	24.1
2003	31.7	13.0	7.1	2.2	3.2	7.5	10.8	24.4
2004	23.5	9.9	6.9	4.4	5.7	13.2	12.9	23.5
2005	18.1	7.7	6.2	5.9	5.9	15.9	16.2	24.1
Direct Dial IntraLATA Minutes								
1995	8.9 %	2.4 %	4.6 %	(7) %	(7) %	(7) %	(7) %	84.1 %
1996	9.5	5.4	4.4	(7)	(7)	(7)	(7)	80.6
1997	13.9	6.7	3.7	(7)	(7)	(7)	(7)	75.7
1998	15.6	8.7	3.8	(7)	(7)	(7)	(7)	71.8
1999	16.9	12.0	3.6	(7)	(7)	(7)	(7)	67.5
2000	17.3	12.8	5.0	1.6	5.0	18.6	18.0	21.7
2001	15.4	13.2	4.8	1.4	4.3	17.9	17.6	25.3
2002	14.0	11.8	4.8	1.1	2.9	18.5	16.3	30.7
2003	10.7	11.4	8.1	0.9	2.7	17.7	13.2	35.4
2004	7.5	9.4	5.0	1.0	4.6	30.5	12.2	29.9
2005	5.5	9.2	5.3	1.3	5.3	34.3	12.2	26.7
Direct Dial InterLATA Minutes								
1995	69.5 %	16.1 %	5.8 %	(7) %	(7) %	(7) %	(7) %	8.6 %
1996	62.5	15.9	7.1	(7)	(7)	(7)	(7)	14.5
1997	62.4	14.9	6.5	(7)	(7)	(7)	(7)	16.2
1998	58.4	17.0	6.5	(7)	(7)	(7)	(7)	18.1
1999	53.2	20.9	6.6	(7)	(7)	(7)	(7)	19.3
2000	44.7	22.0	7.3	0.1	1.6	0.5	2.5	21.3
2001	36.3	20.5	7.6	0.1	1.9	1.8	3.6	28.1
2002	31.2	18.1	9.0	0.3	1.6	3.1	5.6	31.0
2003	26.0	16.6	7.9	1.4	1.8	6.6	6.6	32.9
2004	17.0	12.5	8.1	1.9	6.4	20.3	6.7	27.0
2005	10.8	11.3	8.6	2.6	8.5	23.7	8.2	26.3

Chart 9.2
Residential Household Market Shares



Notes for Table 9.5

Note: Market shares are estimates based on sample data. Shares for past years have been revised to take into account mergers and acquisitions and changes in methodology. Columns may not sum to 100% due to rounding.

¹ AT&T Long Distance, Lucky Dog Phone Co. and ACC Long Distance

² MCI Long Distance, Telecom USA, Touch 1, TTI National, LDDS WorldCom and WorldCom Network Service

³ BellSouth Long Distance and BellSouth Public Communications

⁴ Qwest and U S WEST Long Distance

⁵ Ameritech Communications, Ameritech 800, Pacific Bell, Southwest Long Distance, SBC Long Distance and SNET All Distance

⁶ Bell Atlantic Long Distance, NYNEX/Bell Atlantic North, Verizon Select Services and GTE

⁷ Until 2000, the regional Bell operating companies are not broken out of the "Other" category.

⁸ Each household is assumed to have a single access line (less than 8% of households in the 2003 sample had more than one access line). These lines are allocated across carriers based on the household's primary long distance carrier which is imputed by the provider of the data, TNS Telecoms. In 1995, 1996 and 1999-2003, TNS defined the household's primary long distance carrier. In 1997, a household's primary long distance carrier was determined based on calls made through long distance carriers, and in 1998, a household's primary long distance carrier was determined based on interLATA calls.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*™, *Bill Harvesting*®.

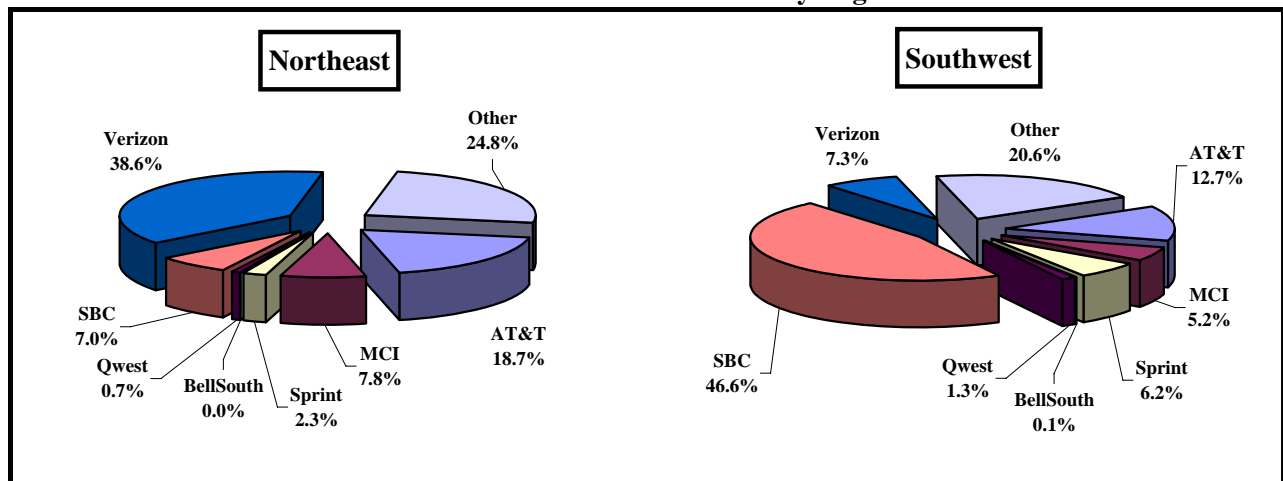
Table 9.6
Residential Household Market Shares
By Region: 2005

Region ¹	AT&T ²	MCI ³	Sprint	BellSouth ⁴	Qwest ⁵	SBC ⁶	Verizon ⁷	Other ⁸	Sample Size
Households									
Southeast	19.8 %	7.6 %	10.6 %	29.7 %	1.2 %	0.0 %	7.5 %	23.6 %	5,407
West	14.0	9.5	4.8	0.0	34.6	0.2	5.0	31.9	3,760
West Coast	18.8	6.3	5.9	0.0	1.8	37.8	12.1	17.3	3,169
Mid-Atlantic	23.4	9.8	5.5	0.1	1.0	0.1	38.5	21.6	3,841
Mid-West	17.6	7.2	5.6	0.0	1.4	32.2	8.7	27.3	4,300
Northeast	18.7	7.8	2.3	0.0	0.7	7.0	38.6	24.8	3,494
Southwest	12.7	5.2	6.2	0.1	1.3	46.6	7.3	20.6	3,213
Total	18.1 %	7.7 %	6.2 %	5.9 %	5.9 %	15.9 %	16.2 %	24.1 %	27,184
Direct Dial IntraLATA Minutes									
Southeast	5.2 %	8.4 %	16.3 %	16.5 %	0.2 %	0.0 %	5.7 %	47.8 %	44,482
West	5.4	14.3	1.4	0.0	45.0	0.0	3.7	30.3	62,836
West Coast	5.5	5.8	3.2	0.0	0.2	59.5	11.6	14.1	106,554
Mid-Atlantic	13.5	11.5	10.7	0.0	0.3	0.0	37.3	26.6	68,723
Mid-West	2.0	6.4	3.1	0.0	0.2	51.4	7.7	29.2	123,028
Northeast	9.9	15.7	2.0	0.0	0.3	16.8	18.8	36.5	55,844
Southwest	1.4	8.5	5.9	0.0	0.0	60.0	5.1	19.1	86,736
Total	5.5 %	9.2 %	5.3 %	1.3 %	5.3 %	34.3 %	12.2 %	26.7 %	548,202
Direct Dial InterLATA Minutes									
Southeast	16.5	11.7	18.0	16.9	1.1	0.0	5.5	30.2	169,228
West	6.1	7.9	9.4	0.0	48.3	0.0	2.3	26.0	171,838
West Coast	8.2	8.4	6.9	0.0	0.7	50.3	6.5	18.9	155,323
Mid-Atlantic	17.6	17.5	12.8	0.0	1.7	0.0	15.7	34.7	143,165
Mid-West	7.0	16.7	4.2	0.0	0.6	38.1	5.2	28.2	197,721
Northeast	18.6	12.0	3.4	0.0	1.0	9.4	25.9	29.6	106,301
Southwest	5.3	4.4	4.3	0.0	1.5	63.6	3.9	17.0	151,535
Total	10.8	11.3	8.6	2.6	8.5	23.7	8.2	26.3	1,095,111

Note: Market shares are estimates based on sample data. Columns may not sum to 100% due to rounding. For footnotes, please see the next page.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*™, Bill Harvesting®.

Chart 9.3
Residential Household Market Shares by Region: 2005



Notes for Table 9.6

¹ Southeast: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee

West: Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming

West Coast: California and Nevada

Mid-Atlantic: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia

Mid-West: Illinois, Indiana, Michigan, Ohio and Wisconsin

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont

Southwest: Arkansas, Kansas, Missouri, Oklahoma and Texas

² AT&T Long Distance, Lucky Dog Phone Co. and ACC Long Distance

³ MCI Long Distance, Telecom USA, Touch 1, TTI National, LDDS WorldCom and WorldCom Network Service

⁴ BellSouth Long Distance and BellSouth Public Communications

⁵ Qwest and U S WEST Long Distance

⁶ Ameritech Communications, Ameritech 800, Pacific Bell, Southwest Long Distance, SBC Long Distance and SNET All Distance

⁷ Bell Atlantic Long Distance, NYNEX/Bell Atlantic North, Verizon Select Services and GTE

⁸ Households with any other presubscribed carrier. Note that households for which the presubscribed carrier is unknown or could not be determined have been excluded from the sample.

Table 9.7
Regional Bell Operating Companies' Applications
To Provide In-Region InterLATA Service
(Section 271 Applications)

State	Bell Operating Company	Date Application Resolved
Alabama	BellSouth	09/18/02
Arkansas	SBC	11/16/01
Arizona	Qwest	12/03/03
California	SBC	12/19/02
Colorado	Qwest	12/23/02
Connecticut	Verizon	07/20/01
Delaware	Verizon	09/25/02
District of Columbia	Verizon	03/19/03
Florida	BellSouth	12/19/02
Georgia	BellSouth	05/15/02
Idaho	Qwest	12/23/02
Illinois	SBC	10/15/03
Indiana	SBC	10/15/03
Iowa	Qwest	12/23/02
Kansas	SBC	01/22/01
Kentucky	BellSouth	09/18/02
Louisiana	BellSouth	05/15/02
Maine	Verizon	06/19/02
Maryland	Verizon	03/19/03
Massachusetts	Verizon	04/16/01
Michigan	SBC	09/17/03
Minnesota	Qwest	06/26/03
Mississippi	BellSouth	09/18/02
Missouri	SBC	11/16/01
Montana	Qwest	12/23/02
Nebraska	Qwest	12/23/02
Nevada	SBC	04/14/03
New Hampshire	Verizon	09/25/02
New Jersey	Verizon	06/24/02
New Mexico	Qwest	04/15/03
New York	Verizon	12/22/99
North Carolina	BellSouth	09/18/02
North Dakota	Qwest	12/23/02
Ohio	SBC	10/15/03
Oklahoma	SBC	01/22/01
Oregon	Qwest	04/15/03
Pennsylvania	Verizon	09/19/01
Rhode Island	Verizon	02/22/02
South Carolina	BellSouth	09/18/02
South Dakota	Qwest	04/15/03
Tennessee	BellSouth	12/19/02
Texas	SBC	06/30/00
Utah	Qwest	12/23/02
Vermont	Verizon	04/17/02
Virginia	Verizon	10/30/02
Washington	Qwest	12/23/02
West Virginia	Verizon	03/19/03
Wisconsin	SBC	10/15/03
Wyoming	Qwest	12/23/02

10 Minutes

As in the case of telephone lines, there are several alternative measures of calling volumes. Most subscribers purchase service with unlimited local calling. As a result, most local calls are not metered. Periodic studies have been used within the telephone industry to estimate the number of calls and calling minutes for a variety of purposes. For example, periodic studies of dial equipment minutes (DEMs) historically were used to estimate the proportion of calling that is interstate and to allocate costs between interstate and intrastate services. However, DEMs are no longer being used for separations purposes because the separations factors are now frozen. Historical data for DEMs can be found in the August 2003 issue of *Trends in Telephone Service*.

1. Interstate Switched Access Minutes

Switched access minutes are those minutes transmitted by long distance carriers that also use the distribution networks of local telephone companies, i.e., calls made on private telecommunications networks and on leased lines are excluded. On ordinary long distance calls, minutes are counted both where the call originates and where the call terminates. Access minutes include only the domestic portion of international calls. WATS and toll-free (800/888/877/866) calls are counted only on one end of the call. WATS calls generate access minutes only at the terminating end of the call and toll-free (800/888/877/866) calls generate access minutes only at the originating end of the call; both types of minutes are counted in the terminating minutes because they are billed at the terminating rate. Originating WATS and terminating toll-free minutes are covered under special access arrangements, and hence are not subject to switched access charges. Finally, switched access minutes include time for incomplete calls and setup time.

Table 10.1 and Chart 10.1 show the total number of interstate switched access minutes handled by all long distance carriers starting with mid-1984, when the data first became available. The number of minutes grew steadily from mid-1984 to 2000 stemming from a combination of overall economic growth and price reductions. Since 2001, interstate switched access minutes have declined, due to a number of reasons including substitution of other services.

2. Billed Access Minutes and Calls

Another measure of usage is the number of interLATA billed access minutes and the number of local calls and toll calls. The large incumbent local exchange companies (ILECs) file data on this as part of their Automated Reporting Management Information System (ARMIS) reports. The individual carrier's data can be obtained from the ARMIS Report 43-08 on the ARMIS web page at www.fcc.gov/wcb/armis.

The number of interLATA access minutes is based on bills sent to interexchange carriers. They include total originating and terminating access minutes of use. Where these data are unavailable, a statistically valid calculation is sometimes used. The number of local calls refers

to the number of originating calls completed or unanswered between points both of which are within the local service area of the calling telephone, or total originating calls minus total originating toll calls. The number of toll calls completed refers to the number of completed calls directed to a point outside the local service area of the calling telephone. IntraLATA toll calls completed (originating) consist of the number of completed toll calls carried by the reporting local operating company within a given local access and transport area (LATA) and interLATA toll calls completed (originating) consist of completed calls directed to and carried by interexchange carriers. IntraLata toll calls carried by interexchange carriers are not included. More detailed definitions can be found on the ARMIS web site. Intralata toll calls carried by Interexchange carriers are not included.

Table 10.2 shows historical data on the number of local and toll calls and the number of interLATA billed access minutes for the large ILECs reporting to the Commission. Toll calls are further categorized by intraLATA, interLATA interstate and interLATA intrastate. Interstate and intrastate billed access minutes are also shown.

Table 10.1
Interstate Switched Access Minutes for Incumbent Local Exchange Carriers
(In Billions)

Year	Period	Access Minutes	Year	Period	Access Minutes	Year	Period	Access Minutes	Year	Period	Access Minutes
1984	Third Quarter	37.5									
	Fourth Quarter	39.6									
1985	First Quarter	39.6	1992	First Quarter	85.6	1999	First Quarter	135.6	2006	First Quarter	98.1
	Second Quarter	41.5		Second Quarter	86.5		Second Quarter	138.1		Second Quarter	95.3
	Third Quarter	42.8		Third Quarter	87.9		Third Quarter	138.3		Third Quarter	94.0
	Fourth Quarter	43.3		Fourth Quarter	89.8		Fourth Quarter	140.3		Fourth Quarter	
	Total 1985	167.1		Total 1992	349.7		Total 1999	552.3		Total 2006	
1986	First Quarter	43.0	1993	First Quarter	90.6	2000	First Quarter	142.8			
	Second Quarter	44.8		Second Quarter	91.2		Second Quarter	142.9			
	Third Quarter	46.7		Third Quarter	93.6		Third Quarter	141.3			
	Fourth Quarter	48.5		Fourth Quarter	95.9		Fourth Quarter	139.9			
	Total 1986	183.1		Total 1993	371.2		Total 2000	566.9			
1987	First Quarter	51.2	1994	First Quarter	98.7	2001	First Quarter	138.1			
	Second Quarter	52.5		Second Quarter	97.9		Second Quarter	137.1			
	Third Quarter	55.0		Third Quarter	101.9		Third Quarter	133.3			
	Fourth Quarter	57.0		Fourth Quarter	102.9		Fourth Quarter	131.3			
	Total 1987	215.7		Total 1994	401.4		Total 2001	539.8			
1988	First Quarter	59.0	1995	First Quarter	105.6	2002	First Quarter	124.8			
	Second Quarter	59.6		Second Quarter	106.8		Second Quarter	124.4			
	Third Quarter	62.1		Third Quarter	109.0		Third Quarter	119.6			
	Fourth Quarter	64.0		Fourth Quarter	110.6		Fourth Quarter	118.0			
	Total 1988	244.6		Total 1995	431.9		Total 2002	486.8			
1989	First Quarter	66.2	1996	First Quarter	115.7	2003	First Quarter	114.2			
	Second Quarter	68.5		Second Quarter	114.7		Second Quarter	112.1			
	Third Quarter	69.7		Third Quarter	117.5		Third Quarter	109.9			
	Fourth Quarter	72.6		Fourth Quarter	120.2		Fourth Quarter	107.8			
	Total 1989	277.1		Total 1996	468.1		Total 2003	444.0			
1990	First Quarter	74.7	1997	First Quarter	122.1	2004	First Quarter	109.3			
	Second Quarter	75.8		Second Quarter	124.4		Second Quarter	106.1			
	Third Quarter	77.9		Third Quarter	124.9		Third Quarter	105.1			
	Fourth Quarter	79.1		Fourth Quarter	125.8		Fourth Quarter	102.0			
	Total 1990	307.4		Total 1997	497.3		Total 2004	422.5			
1991	First Quarter	79.2	1998	First Quarter	124.0	2005	First Quarter	101.2			
	Second Quarter	81.9		Second Quarter	131.3		Second Quarter	100.4			
	Third Quarter	82.6		Third Quarter	130.7		Third Quarter	100.5			
	Fourth Quarter	84.4		Fourth Quarter	132.8		Fourth Quarter	98.8			
	Total 1991	328.0		Total 1998	518.8		Total 2005	400.9			

Source: National Exchange Carrier Association (NECA), MOU/Data/Summary of NECA's Total Pool Results, September 30, 2006.
 Industry Analysis and Technology Division, Wireline Competition Bureau, Universal Service Monitoring Report (December 2006).

Chart 10.1
Interstate Switched Access Minutes for Incumbent Local Exchange Carriers
(In Billions)

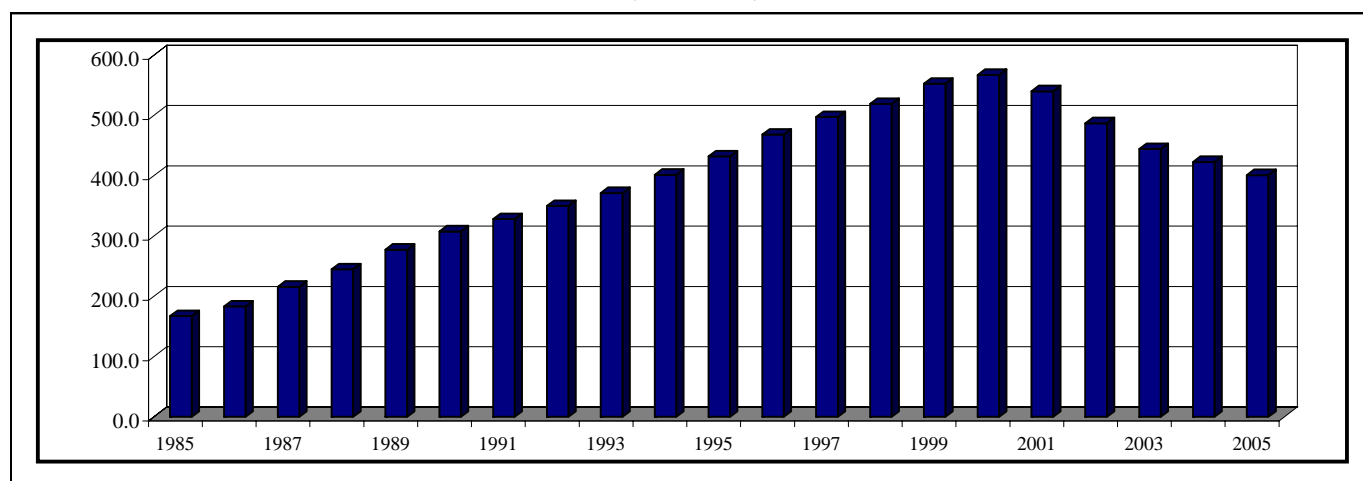


Table 10.2
Telephone Calls and Billed Access Minutes of Large ILECs Reporting to the Commission

Year	Number of Carriers	Number of Telephone Calls (Thousands)						InterLATA Billed Access Minutes Carried by IXCs (Originating and Terminating) (Thousands)		
		Local Calls Carried by the ILECs	Toll Calls Completed ¹ (Originating)					Total	Interstate	Intrastate
			Total ¹	IntraLATA carried by ILECs	Total InterLATA Carried by IXCs	InterLATA Interstate Carried by IXCs	InterLATA Intrastate Carried by IXCs			
1984	75	350,391,981	NA	NA	NA	NA	NA	NA	NA	NA
1985	55	365,304,830	NA	NA	NA	NA	NA	NA	NA	NA
1986	57	372,296,473	NA	NA	NA	NA	NA	NA	NA	NA
1987	52	379,864,264	NA	NA	NA	NA	NA	NA	NA	NA
1988	52	379,035,883	67,547,342	18,983,768	48,563,574	36,752,925	11,810,649	NA	NA	NA
1989	51	389,383,322	68,547,451	19,406,222	49,141,229	37,593,867	11,547,362	NA	NA	NA
1990	51	402,492,293	63,359,346	20,263,554	43,095,792	31,888,748	11,207,044	NA	NA	NA
1991	52	416,213,954	67,333,207	23,337,553	43,995,654	32,126,555	11,869,099	405,456,048	305,745,611	99,710,437
1992	54	434,175,743	71,502,090	22,612,572	48,889,518	36,036,032	12,853,486	432,356,515	327,821,281	104,535,234
1993	53	447,473,714	78,077,246	23,757,662	54,319,584	38,746,788	15,572,796	465,270,369	351,022,599	114,247,770
1994	52	465,207,539	83,441,709	23,796,633	59,645,076	43,244,593	16,400,483	500,297,267	374,996,101	125,301,166
1995	53	484,195,345	94,051,667	23,327,801	70,723,866	50,618,771	20,105,095	549,982,263	405,579,546	144,402,717
1996	51	504,131,507	94,905,927	21,376,847	73,529,080	52,677,037	20,852,043	598,563,946	438,772,880	159,791,066
1997	51	522,025,261	98,424,977	21,844,925	76,580,052	54,563,338	22,016,714	647,813,708	469,638,292	178,175,416
1998	52	544,288,934	96,934,938	18,469,316	78,465,622	55,974,210	22,491,412	690,523,467	497,138,901	193,384,566
1999	52	553,853,237	102,245,666	18,116,240	84,129,426	57,806,961	26,322,465	739,042,459	519,272,905	219,769,554
2000	52	536,523,081	105,978,596	16,157,912	89,820,684	59,212,055	30,608,629	792,263,836	535,011,649	257,252,187
2001	52	515,335,676	97,849,444	14,970,794	82,878,650	53,319,645	29,559,005	745,754,124	504,026,109	241,728,015
2002	52	459,302,668	89,997,279	13,339,232	76,658,047	47,968,133	28,689,914	668,089,004	451,602,651	216,486,353
2003	54	424,617,408	81,217,462	11,880,332	69,337,130	43,385,840	25,951,290	612,805,855	414,701,831	198,104,024
2004	56	381,069,716	82,396,083	10,199,173	72,196,910	47,627,234	24,569,676	601,798,650	407,004,711	194,793,939
2005	56	336,641,880	76,920,931	9,325,876	67,595,055	45,293,132	22,301,207	565,822,068	384,323,165	181,498,903

¹ Excludes IntraLata toll carried by interexchange carriers.

NA - Not available.

Notes: Between 1987 and 1988, there were significant changes in the definitions of many of the items in this table due to the implementation of a new Uniform System of Accounts (USOA) in 1988. In 1992, some of these definitions were further refined when the reporting mechanism of the carriers was changed for the filing of 1991 data. For these reasons, there may be inconsistencies in the data reported for 1984-1987 compared to what was reported for 1988, and also between 1988 and subsequent years, as the carriers were adapting to the new USOA and automated reporting requirements. ILEC is an abbreviation for incumbent local exchange carrier. IXC is an abbreviation for interexchange carrier.

Source: Industry Analysis and Technology Division, Wireline Competition Division, *Statistics of Communications Common Carriers* 2004/2005 Edition (November 2005), and ARMIS 43-08 reports. Totals may be understated because certain data pertaining to the carriers included in this table are not available. Data for the year 2005 are preliminary.

11 Mobile Wireless Service

1. Industry Statistics

There are several measures of mobile wireless subscribers. While there are some differences in these data series, they all show significant growth in mobile wireless subscribers. The Commission collects data on the number of wireless subscribers by state as part of the local competition and broadband data gathering program (FCC Form 477). This program requires providers of wireless service to file information twice each year. Prior to June 2005, only wireless carriers with at least 10,000 subscribers in a state were required to report.¹ The Commission also collects data on wireless numbers as part of the data collection on Numbering Resources and Utilization/Forecasting (FCC Form 502). Wireless numbers are a good proxy for wireless subscribers since wireless carriers generally assign only one subscriber per number. The CTIA-The Wireless AssociationTM periodically publishes summary information on the industry. CTIA can be found on the Internet at www.ctia.org.

Table 11.1 and Chart 11.1 show three measures of mobile wireless subscribers over time. In 1984 there were 92,000 subscribers, as compared with over 217 million subscribers as of June 30, 2006. Table 11.2 shows the number of wireless subscribers per state as of June 30, 2006 using data from FCC Form 477. Table 11.3 provides information on the industry published by CTIA. These trends include revenues, cell sites, employees, and average monthly bills. The table shows that the industry had more than 233 thousand employees as of December 31, 2005, as compared to about 3,500 employees in 1986; and there was a significant drop in the average monthly bill from \$96.83 at the end of 1987 to \$49.98 as of December 2005.

2. Residential Wireless Toll Calling Patterns

The summary of residential wireless usage presented in Tables 11.4 through 11.7 is based on calling data captured from a sample of consumer bills by TNS Telecoms. (For additional information on TNS Telecoms, see Appendix B.) While these tables were constructed similar to those describing wireline toll calling patterns in Section 14, the two sets of tables should be compared with caution. In most cases, wireless bills contain an itemization of all calls, rather than just toll calls.² As a result, these tables characterize wireless local and long-distance calling where the tables in Section 14 only cover wireline long distance. To provide some frame of reference, wireline distinctions have

¹ Mobile telephony service providers with fewer than 10,000 subscribers in a state reported about 389,000 subscribers as of June 30, 2005. Such filers reported (on a voluntary basis) about 69,000 subscribers six months earlier.

² In fact, since this analysis generally includes all outgoing wireless calls, many of the calls in the data are not traditional voice calls. The data include calls made to access voicemail, move data, access the Internet, send faxes or text messages, etc.

been imposed on the wireless calling data. That is, we distinguished wireless interstate from intrastate calls.

Table 11.4 shows the estimated distribution of residential wireless calls and minutes over time. The vast majority of both calls and minutes were intrastate. Over time, however, this pattern is weakening. The number of interstate calls rose from 9% to 16% of the total from 2000 to 2005, and interstate minutes rose from 16% to 28% of the total over the same period. We note that these figures are estimates, based on sample data, and the distribution of calls and minutes may vary across carriers.

A snapshot of the duration of wireless calls is presented in Table 11.5. In the 2005 data shown, wireless calls were brief. Almost 73% of intrastate wireless calls (which, again, represent the vast majority of calls) were 2 minutes or less. Like wireline traffic, the data are right-skewed such that a handful of long calls pull the average call duration far above the median duration. As a measure of central tendency, the median is more representative of the duration of a typical call than is the average in this context.

Tables 11.6 and 11.7 show when wireless intrastate and interstate calls, respectively, were made. Over the years shown, patterns in intrastate calls have changed only slightly. Daytime minutes gained share from nighttime minutes (from about 70% in 2003 to about 72% in 2005), and weekend use fell as a share of total use. Traffic was typically heaviest on Friday and lightest on Sunday.

Patterns in interstate calling were different. Unlike intrastate calls, interstate calls were generally most likely on the weekend, particularly on Sunday. Further, though both types of calls were more likely during the day than at night, relative to intrastate calls, interstate calls were allocated more to the nighttime hours. Nonetheless, the same forces acting to change intrastate calling patterns over the years shown seem to be having similar, yet more dramatic effects on interstate calling. For example, like intrastate calls, the share of interstate minutes made during the day increased, from about 59% of the total in 2003 to 63% in 2005. While weekend use remained flat from 2003 to 2004 at about 41%, the share fell to 38% in 2005.

Table 11.1
Measures of Mobile Wireless Telephone Subscribers

	Subscribers (In Thousands)		
	Reported by CTIA	FCC Form 477 ¹	FCC Form 502 ²
1984 December	92		
1985 June	204		
December	340		
1986 June	500		
December	682		
1987 June	884		
December	1,231		
1988 June	1,609		
December	2,069		
1989 June	2,692		
December	3,509		
1990 June	4,369		
December	5,283		
1991 June	6,390		
December	7,557		
1992 June	8,893		
December	11,033		
1993 June	13,067		
December	16,009		
1994 June	19,284		
December	24,134		
1995 June	28,154		
December	33,786		
1996 June	38,195		
December	44,043		
1997 June	48,706		
December	55,312		
1998 June	60,831		
December	69,209		
1999 June	76,285		
December	86,047	79,696	
2000 June	97,036	90,643	
December	109,478	101,043	99,019
2001 June	118,398	114,029	111,734
December	128,375	123,991	128,493
2002 June	134,561	130,751	136,927
December	140,767	138,878	141,776
2003 June	148,066	147,624	151,861
December	158,722	157,042	160,637
2004 June	169,467	167,313	170,406
December	182,140	181,105	184,819
2005 June	194,479	192,053	198,381
December	207,896	203,667	213,212
2006 June	219,420	217,418	NA

NA indicates not available

¹ See Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of June 30, 2006* (January 2007). Carriers with under 10,000 lines in a state were not required to report until June 2005.

² Numbers are adjusted for porting. See current and previous editions of Industry Analysis and Technology Division, Wireline Competition Bureau, *Numbering Resource Utilization in the United States*.

Source: CTIA-The Wireless AssociationTM and FCC Forms 477 and 502. FCC Form 502 contains assigned wireless numbers.

Chart 11.1
Mobile Wireless Telephone Subscribers
As of December
(Subscribers in Thousands)

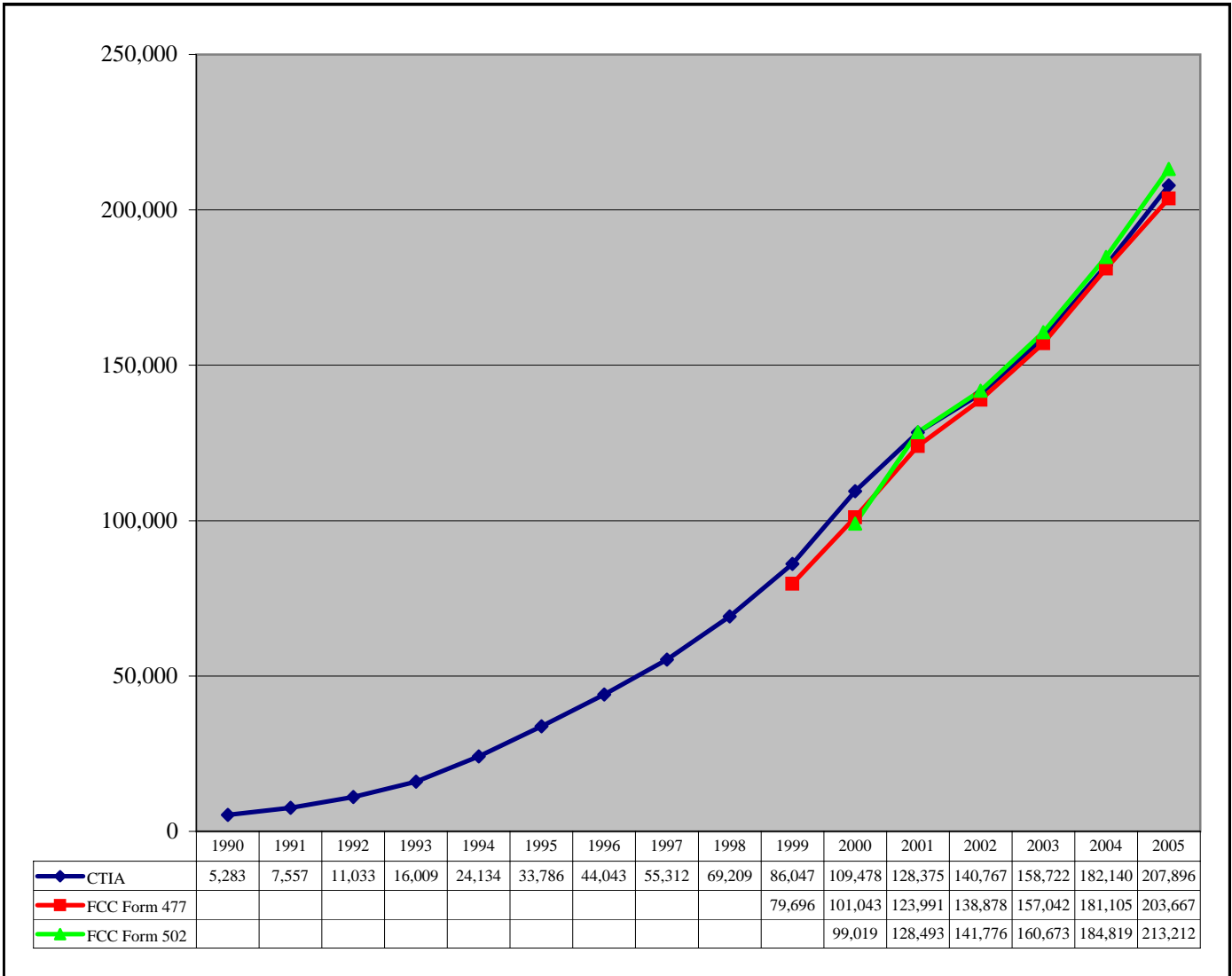


Table 11.2
Mobile Wireless Telephone Subscribers¹

State	Jun 2006		Subscribers								
	Carriers ¹	Percent Resold ²	2000	2001	2002	2003	2004		2005		2006
			Jun	Jun	Jun	Jun	Jun	Dec	Jun	Dec	Jun
Alabama	12	5 %	1,253,084	1,930,631	2,027,845	2,100,557	2,301,847	2,580,810	2,843,385	3,071,359	3,240,669
Alaska	10	1	169,892	218,424	242,133	*	307,323	321,152	340,507	376,695	397,429
American Samoa	*	*	0	0	0	0	*	*	*	*	*
Arizona	10	9	1,624,668	2,018,410	2,412,998	2,643,952	3,079,657	3,299,222	3,547,280	3,849,152	4,158,483
Arkansas	6	7	715,467	891,275	1,130,302	1,351,291	1,376,564	1,458,673	1,681,404	1,781,266	1,925,696
California	11	4	12,283,369	14,184,625	16,007,376	18,892,619	21,575,797	23,457,761	24,598,429	25,564,483	27,524,044
Colorado	9	10	1,654,989	1,983,405	2,247,166	2,426,929	2,727,910	2,808,195	3,053,186	3,260,286	3,442,153
Connecticut	5	6	1,136,618	1,418,367	1,577,873	1,791,944	2,064,204	2,181,133	2,332,045	2,466,372	2,585,425
Delaware	4	6	275,219	389,284	433,059	503,353	593,452	646,064	710,853	751,042	790,189
Dist. of Columbia	4	5	333,815	382,457	415,399	520,182	555,958	657,774	746,529	819,061	872,184
Florida	8	5	4,983,478	7,536,670	8,607,715	10,252,348	11,916,615	13,169,278	12,577,898	12,521,686	14,125,590
Georgia	10	6	2,687,238	4,076,119	4,300,831	4,709,288	5,332,517	5,730,223	6,023,302	6,103,234	6,891,999
Guam	*	0	*	*	*	*	*	*	*	61,670	66,767
Hawaii	4	3	454,364	543,283	640,247	732,262	819,262	880,965	935,189	983,998	1,011,076
Idaho	15	6	296,066	398,781	500,693	572,406	653,779	705,948	777,445	838,095	905,581
Illinois	9	6	4,309,660	5,621,044	5,409,370	6,834,217	7,529,966	8,075,938	8,575,211	9,026,588	9,540,120
Indiana	8	11	1,717,378	1,781,247	2,032,290	2,456,509	2,844,568	3,158,002	3,276,910	3,536,228	3,781,322
Iowa	46	10	975,629	861,382	1,157,580	1,250,305	1,445,711	1,557,542	1,593,673	1,767,830	1,820,681
Kansas	13	10	724,024	901,225	1,061,171	1,195,230	1,345,160	1,454,087	1,538,945	1,666,340	1,771,588
Kentucky	10	10	999,544	1,176,756	1,505,982	1,595,290	2,000,459	2,189,345	2,495,494	2,649,143	2,807,061
Louisiana	8	6	1,294,693	1,677,292	2,187,811	2,365,224	2,547,153	2,834,716	2,997,513	3,258,336	3,425,482
Maine	6	12	283,640	399,616	457,835	524,246	610,533	662,623	785,814	823,242	870,197
Maryland	6	6	2,013,058	2,446,818	2,684,441	3,108,086	3,575,747	3,900,172	4,177,782	4,470,611	4,719,558
Massachusetts	5	6	2,228,169	2,753,685	3,289,934	3,506,039	3,919,139	4,042,592	4,316,120	4,544,572	4,724,175
Michigan	11	7	3,423,535	4,071,091	4,758,538	4,889,269	5,430,637	5,766,616	6,238,846	6,613,341	6,872,249
Minnesota	9	10	1,595,560	2,014,317	2,254,895	2,564,783	2,823,079	2,973,126	3,124,214	3,370,196	3,532,420
Mississippi	9	7	509,038	993,781	1,106,700	1,232,750	1,411,277	1,517,702	1,627,762	1,817,099	1,919,199
Missouri	11	8	1,848,775	1,937,684	2,246,430	2,515,325	2,859,953	3,109,167	3,482,839	3,732,549	3,942,213
Montana	7	4	*	*	291,429	343,160	*	*	467,795	526,954	577,149
Nebraska	8	4	600,885	712,685	838,568	900,744	984,355	1,045,810	1,078,955	1,169,068	1,208,393
Nevada	8	7	825,163	766,581	895,586	1,077,380	1,319,684	1,463,370	1,605,708	1,778,411	1,884,304
New Hampshire	6	8	309,263	445,181	529,795	598,504	686,746	727,985	916,833	989,443	1,049,150
New Jersey	4	4	2,750,024	3,896,778	4,531,457	5,392,240	6,326,459	7,388,722	7,269,330	7,723,622	8,120,504
New Mexico	10	8	395,111	619,582	735,107	828,869	939,091	987,813	1,025,143	1,170,436	1,252,943
New York	10	7	5,016,524	6,749,096	7,915,526	8,829,070	9,939,759	10,834,741	11,901,311	12,634,420	13,338,040
North Carolina	14	6	2,730,178	3,377,331	4,610,120	4,305,521	4,875,916	5,363,630	5,496,422	5,784,334	6,200,866
North Dakota	6	3	*	*	*	*	*	*	388,609	454,456	481,655
Northern Mariana Isl.	*	*	*	*	*	*	*	*	*	*	*
Ohio	12	8	3,278,960	4,255,934	4,887,376	5,659,459	6,188,081	6,627,910	7,056,675	7,571,540	8,010,972
Oklahoma	15	8	979,513	1,200,234	1,366,475	1,574,588	1,724,505	1,760,122	2,000,787	2,187,424	2,315,999
Oregon	10	8	1,082,425	1,268,909	1,473,883	1,682,036	1,894,285	2,029,224	2,128,710	2,417,992	2,567,147
Pennsylvania	10	8	3,850,372	4,378,216	4,987,067	5,681,653	6,420,037	7,037,296	7,340,862	7,881,534	8,283,918
Puerto Rico	6	1	1,090,005	1,374,747	1,136,619	1,401,599	1,698,702	2,076,698	2,002,851	2,110,798	2,170,540
Rhode Island	4	8	313,550	401,805	463,636	527,366	615,398	607,489	653,900	709,525	726,483
South Carolina	12	6	1,236,338	1,502,345	1,830,516	2,041,541	2,337,367	2,369,252	2,593,000	2,768,481	2,984,417
South Dakota	6	3	*	*	292,210	344,825	382,906	428,513	435,063	482,623	515,139
Tennessee	12	7	1,876,444	2,251,208	2,660,068	2,800,735	3,171,487	3,531,286	3,791,154	4,114,401	4,401,813
Texas	30	7	6,705,423	8,294,338	9,650,715	10,776,234	12,091,134	13,092,007	14,402,814	15,620,248	16,902,077
Utah	9	6	692,006	833,492	970,854	1,094,563	1,229,029	1,345,205	1,415,896	1,531,763	1,651,606
Vermont	4	15	*	*	*	*	*	*	295,971	315,382	334,655
Virgin Islands	*	*	0	*	*	*	*	*	*	*	*
Virginia	8	6	2,447,687	3,059,420	3,429,450	3,879,582	4,392,319	4,240,462	4,900,018	5,126,216	5,382,292
Washington	10	9	2,144,767	2,493,214	2,849,043	3,102,750	3,567,896	3,770,602	3,995,325	4,177,196	4,418,314
West Virginia	10	14	347,916	452,036	549,722	579,983	713,657	761,658	821,103	858,599	964,977
Wisconsin	12	7	1,342,908	2,008,679	2,523,956	2,533,215	2,831,645	2,997,029	3,191,190	3,355,951	3,505,936
Wyoming	7	6	*	173,939	168,232	276,344	277,658	302,203	330,567	358,593	376,753
Nationwide	160	7 %	90,643,058	114,028,928	130,751,459	147,623,734	167,313,001	181,105,135	192,053,067	203,667,472	217,418,404

* Data withheld to maintain firm confidentiality. Some data for December 2005 have been revised.

¹ For data through December 2004, only facilities-based wireless carriers with at least 10,000 mobile telephony subscribers per state were required to report data, and they were instructed to use billing addresses to determine subscriber counts by state. Starting with the June 2005 data, all facilities-based wireless carriers are required to report, and to use the area codes of telephone numbers provided to subscribers to determine subscriber counts by state.

² Percentage of mobile wireless subscribers receiving their service from a mobile wireless reseller.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau. *Local Telephone Competition: Status as of June 30, 2006* (January 2007).

Table 11.3
Mobile Wireless Telephone Service: Industry Survey Results
(As Reported by CTIA-The Wireless Association™)

	Subscribers	Six-Month Revenues (Thousands)	Roamer Service Revenues (Thousands)	Cell Sites	Employees	Average Monthly Bill	Average Minutes of Use per Month
1986 June	500,000	\$360,585		1,194	3,556		
December	681,825	462,467		1,531	4,334		
1987 June	883,778	479,514		1,732	5,656		
December	1,230,855	672,005		2,305	7,147	\$96.83	
1988 June	1,608,697	886,075		2,789	9,154	95.00	
December	2,069,441	1,073,473	\$89,331	3,209	11,400	98.02	
1989 June	2,691,793	1,406,463	121,368	3,577	13,719	85.52	
December	3,508,944	1,934,132	173,199	4,169	15,927	89.30	
1990 June	4,368,686	2,126,362	192,350	4,768	18,973	83.94	
December	5,283,055	2,422,458	263,660	5,616	21,382	80.90	
1991 June	6,380,053	2,653,505	302,329	6,685	25,545	74.56	
December	7,557,148	3,055,017	401,325	7,847	26,327	72.74	
1992 June	8,892,535	3,633,285	436,725	8,901	30,595	68.51	
December	11,032,753	4,189,441	537,146	10,307	34,348	68.68	
1993 June	13,067,318	4,819,259	587,347	11,551	36,501	67.31	
December	16,009,461	6,072,906	774,266	12,824	39,775	61.48	140
1994 June	19,283,306	6,519,030	778,116	14,740	45,606	58.65	
December	24,134,421	7,710,890	1,052,666	17,920	53,902	56.21	119
1995 June	28,154,414	8,740,352	1,120,337	19,833	60,624	52.42	
December	33,785,661	10,331,614	1,422,233	22,663	68,165	51.00	119
1996 June	38,195,466	11,194,247	1,314,943	24,802	73,365	48.84	
December	44,042,992	12,440,724	1,465,992	30,045	84,161	47.70	125
1997 June	48,705,553	13,134,551	1,392,440	38,650	97,039	43.86	
December	55,312,293	14,351,082	1,581,765	51,600	109,387	42.78	117
1998 June	60,831,431	15,286,660	1,584,891	57,674	113,111	39.88	
December	69,209,321	17,846,515	1,915,578	65,887	134,754	39.43	136
1999 June	76,284,753	19,368,304	1,922,416	74,157	141,929	40.24	
December	86,047,003	20,650,185	2,163,001	81,698	155,817	41.24	185
2000 June	97,035,925	24,645,365	1,971,625	95,733	159,645	45.15	
December	109,478,031	27,820,655	1,911,356	104,288	184,449	45.27	255
2001 June	118,397,734	30,905,721	1,727,058	114,059	186,317	45.56	
December	128,374,512	34,410,513	2,209,387	127,540	203,580	47.37	380
2002 June	134,561,370	36,707,086	1,846,267	131,350	186,956	47.42	
December	140,766,842	39,801,101	2,049,245	139,338	192,410	48.40	427
2003 June	148,065,824	41,384,171	1,825,243	147,719	187,169	49.46	
December	158,721,981	46,239,922	1,941,024	162,986	205,629	49.91	507
2004 June	169,467,393	49,275,671	2,015,780	174,368	212,368	49.49	
December	182,140,362	52,845,539	2,194,532	175,725	226,016	50.64	584
2005 June	194,479,364	55,689,208	1,941,960	178,025	225,162	49.52	
December	207,896,198	57,849,013	1,844,371	183,689	233,067	49.98	740

Source: CTIA-The Wireless Association™. Estimates for Total Industry.

Table 11.4
Distribution of Residential Wireless Calls and Minutes ¹

Type	2000	2001	2002	2003	2004	2005
Calls						
Intrastate	87 %	84 %	82 %	82 %	82 %	81 %
Interstate	9	11	13	13	14	15
Others ²	4	5	5	5	4	4
Total Calls in Sample	295,892	330,444	502,946	547,767	508,799	506,072
Minutes						
Intrastate	82 %	76 %	71 %	71 %	70 %	70 %
Interstate	16	22	26	27	28	28
Others ²	2	2	2	3	2	2
Total Minutes in Sample	760,380	952,993	1,614,341	1,797,559	1,690,428	1,717,643

Note: Individual figures may not add to totals due to rounding. Some previously published figures have been revised.

¹ Outgoing, itemized calls only.

² Inter-, intrastate status could not be determined.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*®.

Table 11.5
Duration of Residential Wireless Calls: 2005 ¹

Duration of Call (Minutes)	Intrastate	Interstate	All Calls
1	50.0 %	40.5 %	48.5 %
2	22.8	20.4	22.5
3	8.3	7.0	8.1
4	4.5	4.4	4.5
5	2.9	3.3	3.0
6	2.1	2.6	2.1
7	1.5	2.2	1.6
8	1.2	1.9	1.3
9	0.9	1.5	1.0
10	0.8	1.4	0.9
11-15	2.3	4.9	2.7
16-20	1.1	2.9	1.4
21-25	0.6	1.9	0.8
26-30	0.3	1.3	0.5
31-45	0.5	2.2	0.7
46-60	0.2	0.8	0.3
> 60	0.1	0.8	0.2
Average Duration	3.1	5.9	3.5
Median Duration	1.1	2.0	2.0
Sample Size	384,751	73,762	458,513

Note: Individual figures may not add to totals due to rounding.

¹ Outgoing, itemized calls only. All seven-digit dialed calls are considered intrastate. 800-type calls and calls for which a cross-state distinction could not be made were excluded from this analysis.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 11.6
Distribution of Residential Intrastate Wireless Minutes
By Day and Time ¹

2005

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	10.2 %	4.0 %	14.2 %
Tuesday	10.7	4.1	14.8
Wednesday	10.9	4.1	15.0
Thursday	11.0	4.4	15.4
Friday	11.6	3.9	15.4
Saturday	9.8	3.7	13.4
Sunday	8.0	3.7	11.7
Total	72.1 %	27.9 %	100.0 %

Calls in sample = 384,751.

2004

Source: Calculate	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	10.0 %	4.0 %	14.0 %
Tuesday	10.5	4.4	14.9
Wednesday	10.4	4.4	14.9
Thursday	10.6	4.2	14.8
Friday	11.2	4.2	15.4
Saturday	10.3	3.9	14.2
Sunday	8.0	3.8	11.8
Total	71.1 %	28.9 %	100.0 %

Calls in sample =397,124.

2003

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	9.8 %	4.2 %	14.0 %
Tuesday	9.9	4.2	14.2
Wednesday	9.8	4.4	14.2
Thursday	10.5	4.4	14.9
Friday	11.1	4.3	15.3
Saturday	10.9	3.9	14.8
Sunday	8.4	4.3	12.6
Total	70.3 %	29.7 %	100.0 %

Calls in sample = 426,727.

Note: Individual figures may not add to totals due to rounding.

¹ Outgoing, itemized calls only. All seven-digit dialed calls are considered intrastate. 800-type calls and calls for which a cross-state distinction could not be made were excluded from this analysis.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 11.7
Distribution of Residential Interstate Wireless Minutes
By Day and Time ¹

2005

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	7.4 %	5.2 %	12.6 %
Tuesday	6.9	5.1	12.0
Wednesday	7.0	5.3	12.3
Thursday	7.2	5.1	12.3
Friday	7.9	4.8	12.7
Saturday	13.2	4.7	17.9
Sunday	13.4	6.9	20.3
Total	62.9 %	37.1 %	100.0 %

Calls in sample = 73,762.

2004

Source: Calculate	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	6.4 %	4.8 %	11.2 %
Tuesday	6.3	5.2	11.5
Wednesday	6.9	5.4	12.2
Thursday	7.0	5.1	12.1
Friday	7.1	4.6	11.7
Saturday	14.0	5.2	19.2
Sunday	14.4	7.6	22.0
Total	62.0 %	38.0 %	100.0 %

Calls in sample = 66,332.

2003

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	6.4 %	5.5 %	11.9 %
Tuesday	6.3	5.6	11.9
Wednesday	6.5	5.8	12.3
Thursday	6.3	5.9	12.2
Friday	6.3	4.7	11.0
Saturday	13.6	5.7	19.3
Sunday	13.6	7.9	21.5
Total	59.0 %	41.0 %	100.0 %

Calls in sample = 71,245.

Note: Individual figures may not add to totals due to rounding.

¹ Outgoing, itemized calls only. All seven-digit dialed calls are considered intrastate. 800-type calls and calls for which a cross-state distinction could not be made were excluded from this analysis.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

12 Price Indices for Telephone Services

The Bureau of Labor Statistics (BLS) collects a variety of information on telephone service as part of three separate programs -- the Consumer Price Index (CPI), the Producer Price Index (PPI), and the Consumer Expenditure Survey. They can be found on the Internet at www.bls.gov. The following material illustrates the range of information available from price indices.

1. Long-Term Trends in Price Indices

A price index for telephone service was first published in 1935. Since that time, telephone prices have tended to increase at a slower pace than most other prices. Table 12.1 shows long-term changes in the consumer price indices for all items, all services, telephone services, each of the seven major categories that currently constitute the overall CPI and several services that are often characterized as being public utilities. Chart 12.1 shows the CPI telephone services trend as compared to the CPI all items trend from 1955 through 2005.

2. Comprehensive Price Indices

The CPI index of telephone services is based on a market basket intended to represent the telephone-related expenditures of a typical urban household. It includes local, long distance, and cellular services. Beginning in 1987, the CPI for all items has consistently been higher than the CPI for telephone services as shown in Chart 12.1. The annual rates of change are shown in Table 12.2 and the associated chart for the overall CPI (which measures the impact of inflation on consumers) and the CPI for telephone services. In addition, Table 12.2 shows the gross domestic product chain-type price index (which measures inflation throughout the economy) prepared by the Department of Commerce's Bureau of Economic Analysis. Chart 12.2 shows the annual percentage changes for the overall CPI and CPI for telephone services.

3. Price Indices for Local Service

The CPI index of local telephone charges is based on a broadly defined market basket that includes: monthly service charges, message unit charges, leased equipment, installation, service enhancements (such as tone dialing and call waiting), taxes, and subscriber line charges. In contrast, the PPI index of monthly residential rates is much more narrowly defined. It is based only on monthly service charges for residential service, optional touch-tone service, and subscriber line charges. It excludes taxes, charges for special services such as call waiting, and all other expenditures. The annual rates of change for these indices of local costs are presented in Table 12.3 and Chart 12.3.

4. Price Indices for Long Distance Service

Price indices are available for intrastate toll and interstate toll services. These series are also presented in Table 12.3 and Chart 12.3.

5. Price-Index Limitations

Price indices are less reliable when industries are changing rapidly. For example, in 1992, long distance carriers began to increase basic rates while greatly expanding their range of discount offerings. The fixed market basket of toll calls measured for the CPI did not fully reflect these discounts. In 1995, BLS made major changes to the PPI telephone series, and there are no data after July 1995 comparable with prior data. Because of these sorts of difficulties, measures of average revenues are sometimes used as alternatives to price indices.

Table 12.1
Long-Term Changes for Various Price Indices
(Annual Rates of Change)

	1955 - 2005	1995 - 2005
CPI All Items	4.1 %	2.5 %
CPI All Services	5.0	3.2
CPI Telephone Services ¹	1.7	-0.2
CPI Major Categories:		
- Food & Beverages	*	2.5
- Housing	*	2.8
- Apparel	2.1	-1.0
- Transportation	3.9	2.3
- Medical Care	5.9	3.9
- Recreation	*	1.5
- Other Goods & Services	*	4.2
CPI Public Transportation	5.1	2.1
CPI Utility (Piped) Gas Service	5.5	7.7
CPI Electricity	3.4	1.5
CPI Water & Sewerage Maintenance	5.6	3.7
CPI Postage	4.7	1.8

* Series not established until after 1955.

¹ The CPI telephone service index was revised in December of 1997.

Source: Bureau of Labor Statistics.

Chart 12.1
CPI All Items and CPI Telephone Services
Base Periods: 1982-84 = 100

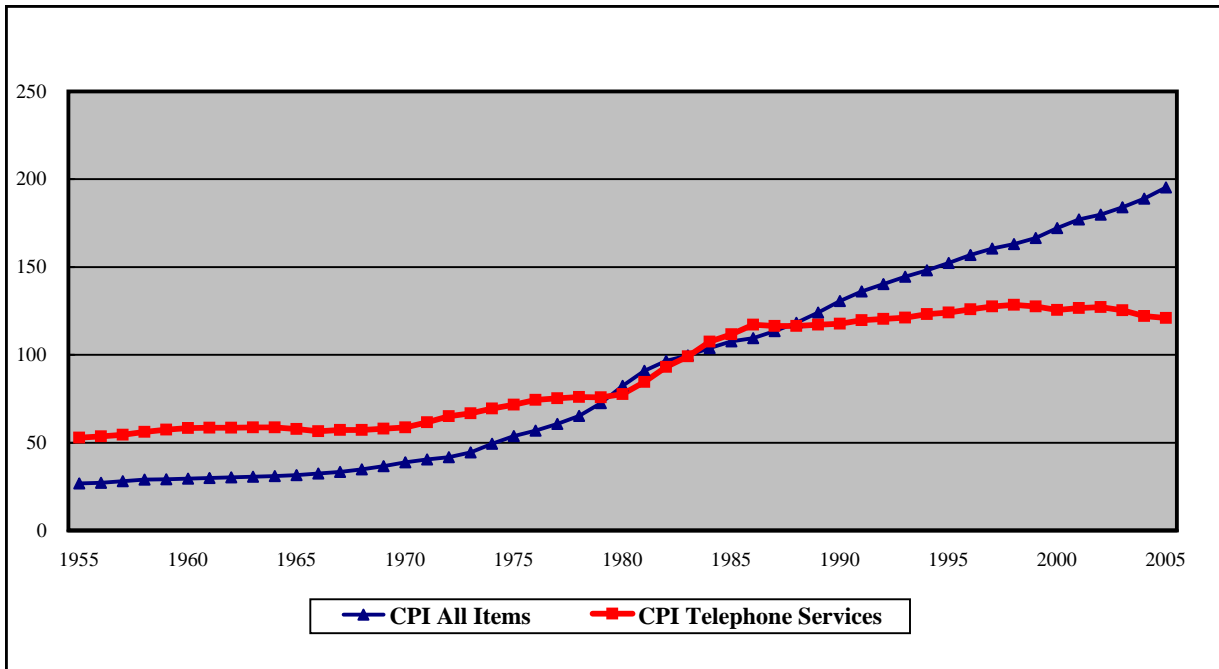


Table 12.2
Annual Changes in Major Price Indices

	GDP Chain-Type Price Index	CPI - All Items	CPI - Telephone Services
1978	7.3 %	9.0 %	0.9 %
1979	8.7	13.3	0.7
1980	9.7	12.5	4.6
1981	8.3	8.9	11.7
1982	5.2	3.8	7.2
1983	3.4	3.8	3.6
1984	3.6	3.9	9.2
1985	2.8	3.8	4.7
1986	2.3	1.1	2.7
1987	2.9	4.4	-1.3
1988	3.7	4.4	1.3
1989	3.5	4.6	-0.3
1990	4.1	6.1	-0.4
1991	3.1	3.1	3.5
1992	2.1	2.9	-0.3
1993	2.3	2.7	1.8
1994	2.2	2.7	0.7
1995	2.0	2.5	1.2
1996	1.9	3.3	2.1
1997	1.5	1.7	0.2
1998	1.1	1.6	0.3 *
1999	1.5	2.7	0.4
2000	2.3	3.4	-2.3
2001	2.5	1.6	1.3
2002	1.7	2.4	0.2
2003	2.0	1.9	-2.7
2004	2.9	3.3	-2.5
2005	3.1	3.4	0.4

Note: All values calculated as the percent change from December of the previous year through December of the year shown, except the GDP price index which is based on changes from the 4th quarter to 4th quarter.

* The CPI telephone service index was revised in December of 1997.

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis.

Chart 12.2
Percent Change in CPI All Items and CPI Telephone Services

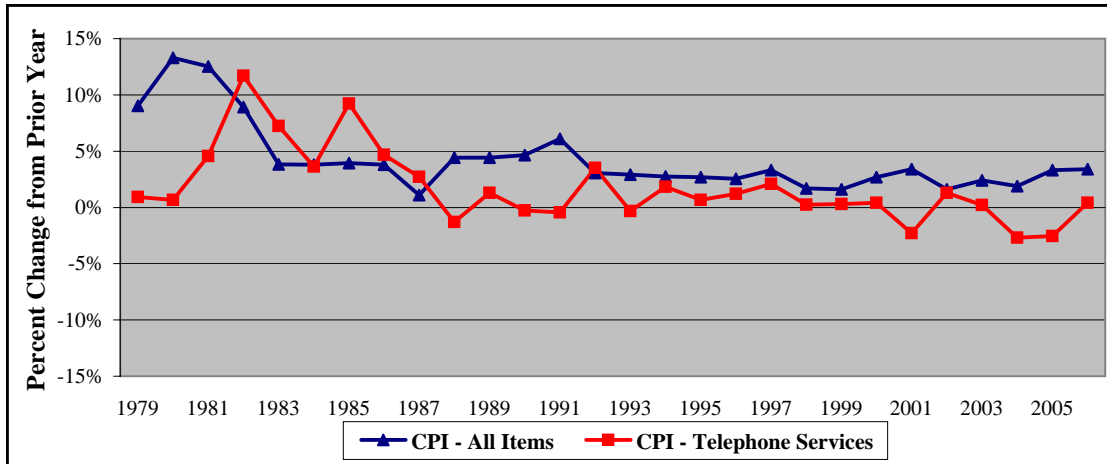


Table 12.3
Annual Changes in Price Indices for Local and Long Distance Telephone Services

	Local Residential Service		Toll Service ¹			
			Interstate		Intrastate	
	CPI	PPI	CPI	PPI	CPI	PPI
1978	1.4 %	3.1 %	-0.7 %	0.0 %	1.3 %	0.1 %
1979	1.7	1.6	-0.8	-0.9	0.1	-0.7
1980	7.0	7.1	3.4	5.5	-0.6	2.3
1981	12.6	15.6	14.6	15.9	6.2	8.0
1982	10.8	9.0	2.7	3.9	4.2	1.7
1983	3.1	0.2	1.4	0.0	7.4	3.9
1984	17.2	10.4	-4.3	-5.1	3.6	3.8
1985	8.9	12.4	-3.7	-3.0	0.6	2.1
1986	7.1	8.9	-9.4	-10.0	0.3	-3.5
1987	3.3	2.6	-12.4	-11.8	-3.0	-3.0
1988	4.5	4.6	-4.2	-2.1	-4.2	-3.8
1989	0.6	1.9	-1.3	-1.7	-2.6	0.5
1990	1.0	1.5	-3.7	-0.1	-2.2	-2.2
1991	5.1	2.1	1.3	-1.3	-1.5	-2.6
1992	0.5	-0.2	-1.3	1.0	-2.4	1.3
1993	1.0	0.8	6.5	3.8	0.2	-1.1
1994	-0.3	0.7	5.4	6.1	-1.0	-1.4
1995	2.6	²	0.1	²	-3.8	²
1996	0.9	0.2	3.7	0.8	6.1	0.9
1997	1.0	0.1	-4.3	7.8	2.8	-4.3
1998	1.3	0.0	-0.8	-0.4	1.5	-3.7
1999	2.8	0.2	-0.7	2.4	-1.6	-2.8
2000	5.5	1.5	-11.2	-4.3	-6.0	0.2
2001	4.5	2.7	-2.0	-9.4	-1.7	1.7
2002	5.3	1.6	-5.9	-18.5	-6.1	-0.3
2003	2.6	1.9	-10.9	-2.4	-9.4	-12.6
2004	1.1	0.7	-8.7	0.7	-6.6	-2.9
2005	3.3	0.8 ³	-3.0	8.5 ³	0.4	-0.2 ³

Note: Data reflect the percent change from December of the previous year through December of the year shown.

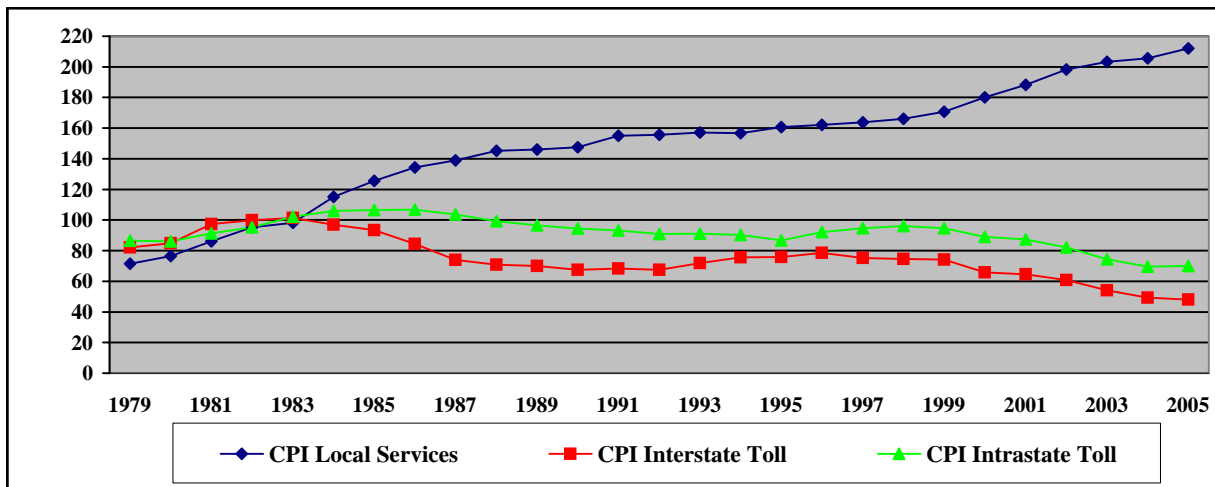
¹ The CPI toll indices represent rates for households. Through 1994, PPI toll indices represent rate changes for both business and residential consumers. Since 1995, PPI indices reflect rates for residential customers.

² The PPI telephone indices were revised in June of 1995. The series are not comparable.

³ Preliminary and subject to revision.

Source: Bureau of Labor Statistics.

Chart 12.3
CPI Telephone Service Price Indices
Base Periods: 1982-1984 = 100



13 Price Levels

1. Local Rates

The price indices maintained by the Bureau of Labor Statistics indicate percentage changes in the price of telephone services. BLS does not publish actual rate levels. Calculations of average rates are based on surveys by FCC staff. These surveys use the same sampling areas and weights used by BLS in constructing the Consumer Price Index.

Table 13.1 presents average local rates for residential customers in urban areas. In October 2005, the average monthly charge was \$24.74 while the average charge for connecting phone service was \$42.71.

Table 13.2 presents average local rates for a business with a single phone line in an urban area. In October 2005, the average monthly charge was \$43.94 while the average charge for connecting phone service was \$73.70.

Table 13.3 presents the average local rate for a residential phone line from 1940 to 2005. The table shows, after adjusting for inflation, the price of a local exchange line declined from 1940 through the early 1980s.

2. Long Distance Rates

Table 13.4 contains measures of average revenue per minute (ARPM) for long distance calls. Estimates of ARPM are often used interchangeably with estimates of the average price. From 1984 to 2004 the cost of long distance calling dropped from 32 cents per minute to 8 cents per minute. The average price of 8 cents per minute represents a mix of international calling (14 cents per minute) and domestic interstate calling (6 cents per minute). The decline in prices since 1984 is more than 85% after adjusting for the impact of inflation.

Chart 13.1 shows that on a per minute basis, the cost of access and of contributing to universal service support has declined over time. These declines account for much of the decrease in interstate toll rates.

Table 13.1
Average Residential Rates for Local Service in Urban Areas, 1986 - 2005
(As of October 15)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ¹	2005 ²
Representative Monthly Charge ^{3 4}	\$12.58	\$12.44	\$12.32	\$12.30	\$12.36	\$13.03	\$13.05	\$13.16	\$13.19	\$13.62	\$13.71	\$13.67	\$13.75	\$13.77	\$13.64	\$14.49	\$14.38	\$14.54	\$14.57	\$14.75
Subscriber Line Charges	2.04	2.66	2.67	3.53	3.55	3.56	3.55	3.55	3.55	3.54	3.54	3.53	3.52	3.58	4.50	5.05	5.74	5.86	5.81	5.81
Additional Monthly Charge for Touch-Tone Service	1.57	1.52	1.54	1.52	1.33	1.06	0.97	0.94	0.77	0.44	0.30	0.25	0.10	0.09	0.06	0.04				
Taxes, 911, and Other Charges	1.51	1.56	1.58	1.70	2.00	2.12	2.15	2.29	2.31	2.41	2.40	2.42	2.39	2.48	2.57	3.03	3.94	4.12	4.14	4.19
Total Monthly Charge	\$17.70	\$18.18	\$18.11	\$19.05	\$19.24	\$19.77	\$19.72	\$19.95	\$19.81	\$20.01	\$19.95	\$19.88	\$19.76	\$19.93	\$20.78	\$22.62	\$24.07	\$24.75	\$24.52	\$24.74
Basic Connection Charge ⁴	\$45.63	\$44.04	\$42.94	\$43.06	\$43.06	\$42.00	\$41.50	\$41.38	\$41.28	\$40.91	\$41.11	\$41.04	\$41.24	\$41.26	\$41.45	\$40.02	\$39.83	\$39.22	\$39.26	\$39.30
Additional Connection Charge for Touch-Tone Service	1.34	1.31	1.55	1.76	1.77	1.27	1.22	1.23	0.85	0.23	0.23	0.17	0.12	0.12	0.12	0.12				
Taxes, 911, and Other Charges	2.28	2.20	2.11	2.44	2.32	2.30	2.29	2.30	2.33	2.44	2.36	2.46	2.38	2.57	2.53	2.81	1.33	3.32	3.44	3.41
Total Connection Charge	\$49.25	\$47.55	\$46.60	\$47.26	\$47.15	\$45.57	\$45.01	\$44.92	\$44.46	\$43.58	\$43.70	\$43.67	\$43.74	\$43.95	\$44.10	\$42.95	\$41.16	\$42.54	\$42.71	\$42.71
Additional Charge if Drop Line and Connection Block Needed	NA	NA	\$6.04	\$6.07	\$6.89	\$6.89	\$6.50	\$7.29	\$6.74	\$5.90	\$5.74	\$5.65	\$5.64	\$5.86	\$5.84	\$5.84	\$5.85	\$12.13	\$12.45	\$12.45
Lowest-Cost Inside Wiring Maintenance Plan	\$0.58	\$0.85	\$0.89	\$1.07	\$1.07	\$1.20	\$1.25	\$1.31	\$1.45	\$1.52	\$1.78	\$1.68	\$2.22	\$2.66	\$3.03	\$3.62	\$3.62	\$3.64	\$4.08	\$4.31

NA - Not Available.

¹ Revised.

² Subject to revision.

³ Rates are based on flat-rate service where available, and measured/message service with one hundred five-minute, same-zone, business-day calls elsewhere. As of 2001, all 95 cities in the *Urban Rates Survey* offered flat-rate residential service, which made measuring the cost of such calls unnecessary.

⁴ Beginning in 2002, additional monthly charges for touch-tone service are included in the monthly charge.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service (2006)*.

Table 13.2
Average Local Rates for Businesses with a Single Line in Urban Areas, 1989 - 2005
(As of October 15)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ¹	2005 ²
Monthly Representative Service Charge ³	\$31.06	\$30.97	\$32.29	\$32.45	\$32.70	\$32.25	\$32.48	\$32.58	\$32.76	\$32.44	\$32.41	\$32.18	\$31.88	\$30.86	\$30.65	\$32.11	\$32.49
Subscriber Line Charges	3.55	3.57	3.57	3.56	3.57	3.57	3.57	3.54	3.54	3.54	3.52	4.39	4.91	5.63	5.76	5.71	5.72
Extra for Touch-Tone Service ⁴	2.43	2.35	1.84	1.71	1.67	1.21	0.97	0.82	0.38	0.32	0.25	0.19	0.18	⁴	⁴	⁴	⁴
Taxes, 911, and Other Charges	4.21	4.32	4.42	4.57	4.63	4.61	4.79	4.87	4.99	4.97	5.03	5.04	5.45	5.47	5.55	5.67	5.74
Total Monthly Charge	\$41.25	\$41.21	\$42.12	\$42.29	\$42.57	\$41.64	\$41.80	\$41.81	\$41.67	\$41.27	\$41.21	\$41.80	\$42.43	\$41.95	\$41.97	\$43.49	\$43.94
Monthly Charge for Flat-Rate Service	\$33.04	\$33.29	\$34.12	\$34.06	\$34.85	\$34.39	\$34.45	\$34.42	\$34.68	\$34.39	\$33.73	\$33.45	\$32.02	\$32.92	\$33.17	\$34.20	\$34.15
Subscriber Line Charges	3.65	3.69	3.70	3.70	3.70	3.70	3.69	3.61	3.61	3.56	3.50	4.35	4.77	5.77	6.03	6.01	6.04
Extra for Touch-Tone Service ⁴	2.12	2.11	1.87	1.84	1.76	1.12	1.00	0.89	0.53	0.49	0.47	0.43	0.39	⁴	⁴	⁴	⁴
Taxes, 911, and Other Charges	4.90	4.98	5.22	5.34	5.50	5.36	5.58	5.55	5.58	5.63	5.49	5.68	5.98	8.16	7.91	7.53	7.71
Total Monthly Charge for Flat-Rate Service	\$43.71	\$44.07	\$44.91	\$44.94	\$45.81	\$44.57	\$44.71	\$44.47	\$44.39	\$44.07	\$43.20	\$43.90	\$43.15	\$46.85	\$47.12	\$47.74	\$47.90
Number of Sample Cities with Flat-Rate Service	59	56	54	54	54	53	53	53	53	54	54	54	56	52	52	56	56
Monthly Charge for Measured/Message Service	\$16.18	\$16.17	\$16.76	\$16.55	\$16.60	\$16.74	\$17.06	\$17.26	\$17.28	\$17.16	\$17.06	\$16.92	\$17.16	\$17.56	\$17.21	\$18.49	18.02
200 Five-Minute Same-Zone Business-Day Calls	16.11	16.19	16.70	17.23	17.57	17.38	17.15	17.10	17.18	17.15	17.24	17.63	17.56	16.78	17.17	17.86	17.87
Subscriber Line Charges	3.54	3.55	3.55	3.54	3.55	3.55	3.54	3.51	3.51	3.53	3.52	4.39	4.90	5.56	5.65	5.86	5.66
Extra for Touch-Tone Service ⁴	2.48	2.39	1.87	1.73	1.68	1.22	0.98	0.83	0.39	0.33	0.25	0.20	0.19	⁴	⁴	⁴	⁴
Taxes, Including 911 Charges	4.41	4.53	4.56	4.77	4.86	4.83	5.01	5.13	5.22	5.19	5.28	5.32	5.76	4.71	4.78	5.07	4.72
Total Monthly Charge for Measured/Message Service	\$42.72	\$42.83	\$43.44	\$43.82	\$44.26	\$43.72	\$43.75	\$43.84	\$43.57	\$43.35	\$43.35	\$44.45	\$45.57	\$44.61	\$44.82	\$47.29	\$46.27
Number of Sample Cities with Measured/Message Service	83	83	84	84	84	87	87	86	85	85	85	85	85	86	85	86	86
Cost of a Five-Minute Same-Zone Business-Day Call	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.10	\$0.09	\$0.09	\$0.09	\$0.10	\$0.10
Basic Connection Charge	\$71.05	\$71.36	\$72.75	\$72.55	\$71.41	\$69.88	\$67.87	\$68.47	\$68.67	\$65.83	\$67.87	\$67.77	\$67.04	\$67.29	\$67.23	\$67.24	\$67.35
Additional Connection Charge for Touch-Tone Service ⁴	1.70	1.89	1.13	1.19	1.17	0.92	0.27	0.17	0.17	0.12	0.12	0.12	0.12	⁴	⁴	⁴	⁴
Taxes, Including 911 Charges	4.06	4.15	4.32	4.33	4.25	4.13	4.17	4.20	4.45	4.13	4.53	4.40	4.69	5.09	6.95	6.42	6.35
Total Connection Charge	\$76.81	\$77.40	\$78.20	\$78.07	\$76.83	\$74.93	\$72.31	\$72.85	\$73.29	\$70.09	\$72.55	\$72.29	\$71.86	\$72.39	\$74.18	\$74.18	\$73.70
Additional Charge if Drop Line and Connection Block Needed	\$5.92	\$7.87	\$6.90	\$6.83	\$6.64	\$6.49	\$7.28	\$6.98	\$6.54	\$6.54	\$6.65	\$6.62	\$6.62	\$6.52	\$13.43	\$13.76	\$13.76
Lowest-Cost Inside Wiring Maintenance Plan	\$1.78	\$1.91	\$2.05	\$2.03	\$2.08	\$2.26	\$2.39	\$2.63	\$2.84	\$3.04	\$3.53	\$3.92	\$4.86	\$4.73	\$4.65	\$4.94	\$5.73

Note: Details may not add to totals due to rounding.

¹ Revised.

² Subject to revision.

³ Rates are based on flat-rate service where available, and measured/message service with 200 five-minute, same-zone, business-day calls elsewhere.

⁴ Beginning in 2002, additional monthly charges for touch-tone service are included in the monthly charge.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service (2006)*.

Table 13.3
Average Rate for a Residential Access Line

	Consumer Price Index All Urban All Goods and Services (1982-1984 = 100)	Average Rate for a Residential Access Line			Consumer Price Index All Urban All Goods and Services (1982-1984 = 100)	Average Rate for a Residential Access Line	
		Survey Rate	Restated in 2005 Dollars			Survey Rate	Restated in 2005 Dollars
1940	14.0	\$3.67	\$51.20	1978	65.2	\$8.31	\$24.89
1941	14.7	3.67	48.76	1979	72.6	8.40	22.60
1942	16.3	3.64	43.61	1980	82.4	8.61	20.41
1943	17.3	3.64	41.09	1981	90.9	9.16	19.68
1944	17.6	3.66	40.61	1982	96.5	10.18	20.60
1945	18.0	3.67	39.82	1983	99.6	13.58	26.63
1946	19.5	3.67	36.76	1984	103.9	15.18	28.53
1947	22.3	3.70	32.40	1985	107.6	16.26	29.51
1948	24.1	3.91	31.69	1986	109.6	17.70	31.54
1949	23.8	4.02	32.99	1987	113.6	18.18	31.25
1950	24.1	4.29	34.77	1988	118.3	18.11	29.90
1951	26.0	4.48	33.65	1989	124.0	19.05	30.00
1952	26.5	4.62	34.05	1990	130.7	19.24	28.75
1953	26.7	4.93	36.06	1991	136.2	19.77	28.35
1954	26.9	5.10	37.03	1992	140.3	19.72	27.45
1955	26.8	5.19	37.82	1993	144.5	19.95	26.96
1956	27.2	5.24	37.62	1994	148.2	19.81	26.11
1957	28.1	5.28	36.70	1995	152.4	20.01	25.64
1958	28.9	5.36	36.22	1996	156.9	19.95	24.83
1959	29.1	5.51	36.98	1997	160.5	19.88	24.19
1960	29.6	5.55	36.62	1998	163.0	19.76	23.68
1961	29.9	5.61	36.64	1999	166.6	19.93	23.36
1962	30.2	5.62	36.34	2000	172.2	20.78	23.57
1963	30.6	5.65	36.06	2001	177.1	22.62	24.94
1964	31.0	5.66	35.66	2002	179.9	24.07	26.13
1965	31.5	5.67	35.15	2003	184.0	24.75	26.27
1966	32.4	5.64	34.00	2004	188.9	24.52	25.35
1967	33.4	5.60	32.74	2005	195.3	24.74	24.74
1968	34.8	5.61	31.48				
1969	36.7	5.68	30.23				
1970	38.8	5.76	28.99				
1971	40.5	6.04	29.13				
1972	41.8	6.38	29.81				
1973	44.4	6.69	29.43				
1974	49.3	7.08	28.05				
1975	53.8	7.32	26.57				
1976	56.9	7.81	26.81				
1977	60.6	8.07	26.01				

Sources: Averages for 1940 through 1982 are from an AT&T local rate survey and represent January 1 rates. These averages exclude taxes and are for rotary service including the cost of a telephone. See *Reference Book of Rates, Price Indices and Expenditures for Telephone Service*, Wireline Competition Bureau, October 1995 and March 2005. Starting in 1983, averages are from the *Urban Rates Survey* and represent October 15 rates. These averages include taxes and are for touch tone service but do not include telephone rental charges or any unbundled inside wiring maintenance plan charges. 2005 rates are preliminary.

Table 13.4
Average Revenue per Minute

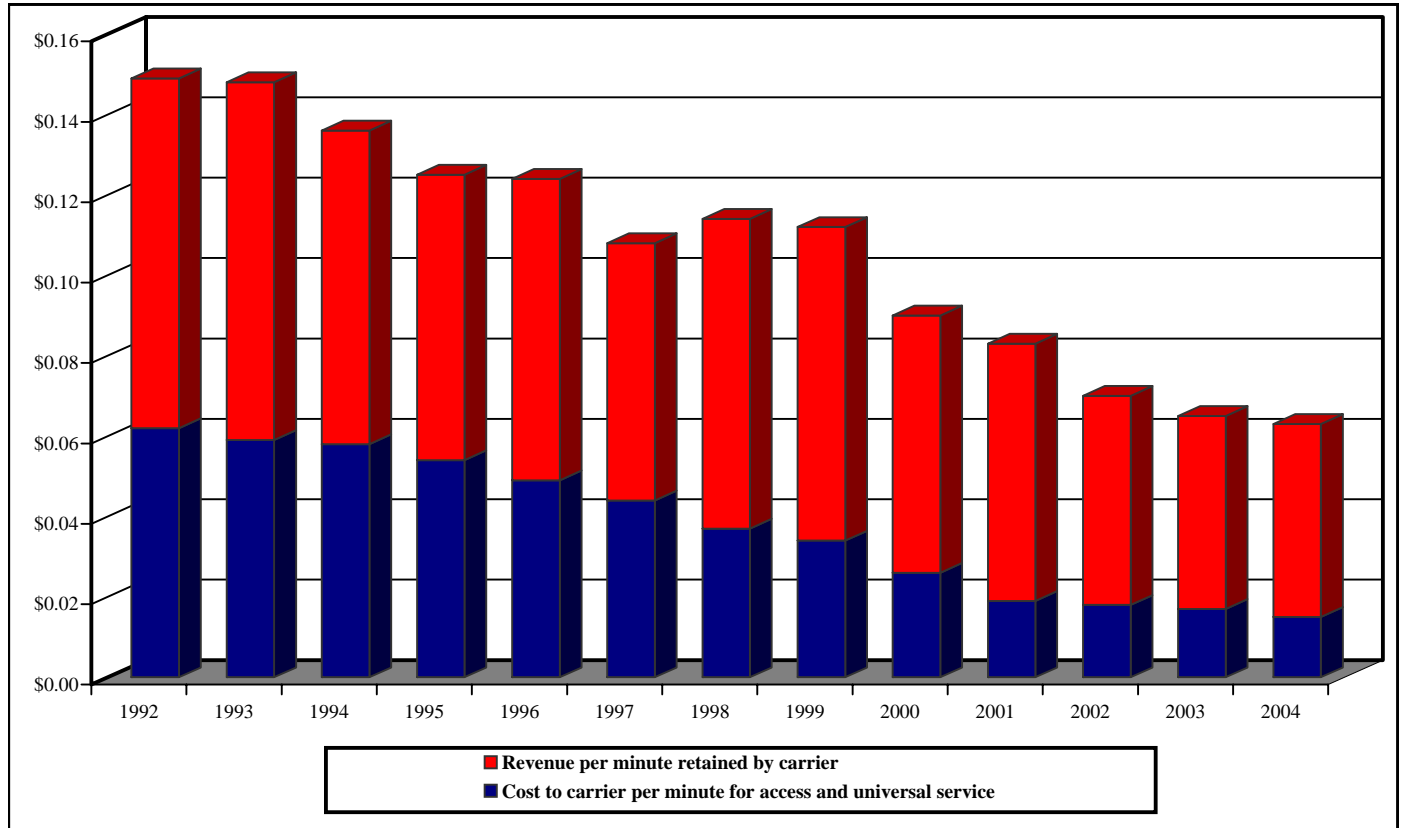
	Consumer Price Index All Goods and Services (1982-1984 = 100)	Average Revenue Per Minute for Interstate and International Calls		Consumer Price Index All Goods and Services (1982-1984 = 100)	Average Revenue Per Minute for Interstate and International Calls					
			Restated in 2004 Dollars		Interstate and International Calls		International Calls 1/	Interstate Calls		
						Restated in 2004 Dollars			Net of Access and Universal Service Cost	
1930	16.7	\$0.27	\$3.11	1970	38.8	\$0.23	\$1.12	\$2.43	\$0.20	
1931	15.2	0.27	3.35	1971	40.5	0.25	1.14	2.35	0.22	
1932	13.7	0.26	3.62	1972	41.8	0.24	1.10	2.31	0.21	
1933	13.0	0.28	4.00	1973	44.4	0.25	1.08	2.29	0.22	
1934	13.4	0.27	3.84	1974	49.3	0.26	0.98	2.25	0.22	
1935	13.7	0.27	3.66	1975	53.8	0.27	0.96	2.23	0.24	
1936	13.9	0.25	3.41	1976	56.9	0.29	0.95	2.20	0.25	
1937	14.4	0.22	2.84	1977	60.6	0.28	0.89	2.18	0.25	
1938	14.1	0.21	2.87	1978	65.2	0.29	0.83	2.09	0.25	
1939	13.9	0.22	2.93	1979	72.6	0.29	0.76	1.76	0.26	
1940	14.0	0.21	2.84	1980	82.4	0.30	0.69	1.34	0.27	
1941	14.7	0.21	2.67	1981	90.9	0.33	0.68	1.21	0.31	
1942	16.3	0.22	2.50	1982	96.5	0.34	0.67	1.09	0.32	
1943	17.3	0.21	2.30	1983	99.6	0.35	0.66	1.09	0.33	
1944	17.6	0.22	2.31	1984	103.9	0.32	0.59	1.05	0.30	
1945	18.0	0.21	2.23	1985	107.6	0.31	0.54	1.01	0.29	
1946	19.5	0.20	1.91	1986	109.6	0.28	0.48	0.97	0.26	
1947	22.3	0.19	1.62	1987	113.6	0.25	0.41	0.99	0.22	
1948	24.1	0.19	1.46	1988	118.3	0.23	0.37	1.02	0.21	
1949	23.8	0.19	1.50	1989	124.0	0.22	0.33	1.02	0.19	
1950	24.1	0.19	1.51	1990	130.7	0.20	0.29	1.00	0.17	
1951	26.0	0.20	1.46	1991	136.2	0.20	0.27	1.02	0.15	
1952	26.5	0.20	1.44	1992	140.3	0.19	0.26	1.01	0.15	\$0.09
1953	26.7	0.21	1.47	1993	144.5	0.19	0.25	1.02	0.15	0.09
1954	26.9	0.22	1.56	1994	148.2	0.18	0.23	0.93	0.14	0.08
1955	26.8	0.23	1.62	1995	152.4	0.17	0.21	0.91	0.12	0.07
1956	27.2	0.23	1.62	1996	156.9	0.16	0.20	0.76	0.12	0.08
1957	28.1	0.24	1.60	1997	160.5	0.15	0.17	0.69	0.11	0.06
1958	28.9	0.24	1.56	1998	163.0	0.14	0.17	0.58	0.11	0.08
1959	29.1	0.24	1.57	1999	166.6	0.14	0.16	0.54	0.11	0.08
1960	29.6	0.24	1.54	2000	172.2	0.12	0.13	0.52	0.09	0.06
1961	29.9	0.25	1.57	2001	177.1	0.10	0.11	0.35	0.08	0.06
1962	30.2	0.25	1.58	2002	179.9	0.09	0.09	0.28	0.07	0.05
1963	30.6	0.25	1.53	2003	184.0	0.08	0.08	0.20	0.07	0.05
1964	31.0	0.25	1.52	2004	188.9	0.08	0.08	0.14	0.06	0.05
1965	31.5	0.24	1.44							
1966	32.4	0.24	1.42							
1967	33.4	0.24	1.37							
1968	34.8	0.24	1.28							
1969	36.7	0.24	1.24							

Note: Data for some prior years have been revised.

1/ Starting in 1992, billed revenue per minute for international service differs in Table 6.1 and Table 13.4. Data in Table 6.1 are calculated using all U.S. billed minutes and revenues. Data for Table 13.4 represent charges for most U.S. billed calls that originate or terminate in the United States. International-to-international revenues and reorigination, country-beyond and country-direct minutes are not included in this table.

Sources: Estimates for 1930 through 1981 are based on information in AT&T's *Long Lines Statistics*, 1930-1963, 1946-1970, and 1960-1981, and appear to represent data for the conterminous U.S. only. Data prior to 1946 may not be comparable. Data for 1982 and 1983 were estimated using BLS price index changes. Data for 1984 through 1991 were supplied by AT&T. Starting with 1992, data are from the Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006), available at www.fcc.gov/wcb/stats. For 1970 through 1991, interstate revenue per minute was estimated using the combined interstate and international revenue per minute estimates shown in the table, and international revenue and revenue per minute data in Table 1 and Table 2 of *Trends in the International Telecommunications Industry*, September 2005.

Chart 13.1
Revenue per Minute for Interstate Calls



Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenue per minute retained by carrier	\$0.087	\$0.089	\$0.078	\$0.071	\$0.075	\$0.064	\$0.077	\$0.078	\$0.064	\$0.064	\$0.052	\$0.048	\$0.048
Cost to carrier per minute for access and universal service	\$0.062	\$0.059	\$0.058	\$0.054	\$0.049	\$0.044	\$0.037	\$0.034	\$0.026	\$0.019	\$0.018	\$0.017	\$0.015

14 Residential Wireline Usage

Bill Harvesting® data collected by TNS Telecoms provides information on actual usage in the residential telecom market as collected from the actual telecommunications bills of households. TNS Telecoms (TNS), a telecommunications market information firm, conducts nationwide surveys and Bill Harvesting® on a quarterly basis from over 120,000 households each year. These surveys, in which households are asked to mail copies of their phone bills for one month to TNS, are called Bill Harvesting studies. The company has donated databases containing information on residential phone usage to the Commission.

The Bill Harvesting data reflect calls itemized on residential telephone bills for wireline service. Thus, 800 and 800-like calls made from the residence are not included, nor are collect calls made from the residence. In contrast, 800 and 800-like calls received, and shown on the household monthly bill, are included, as are collect calls received.

Table 14.1 shows the percentage of residential wireline long distance telephone usage that is intrastate, interstate and international. In 2005, 36% of residential toll phone calls were interstate as opposed to 47% of minutes. Table 14.2 shows the average number of toll minutes on residential phone bills that are intrastate, interstate and international from 1995-2005.

Table 14.3 shows the distribution of residential wireline long distance calls by call duration. The average interstate residential call lasts about nine minutes, although about 41% of interstate toll calls last one minute or less. Tables 14.4 and 14.5 show the duration and the average distance (sometimes called length of haul) of residential wireline intrastate and interstate long distance calls, respectively. The average distance of an interstate toll call in 2005 was 759 miles, as opposed to 55 miles for an intrastate toll call.

Table 14.6 shows the percentage of residential wireline long distance minutes by day of week and time of day. Over the past three years, these data indicate that interlata wireline traffic has been slowly moving away from nights and weekends.

Table 14.1
Distribution of Residential Wireline Toll Calls and Minutes

Type	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Calls											
IntraLATA-Intrastate	41 %	40 %	38 %	38 %	39 %	39 %	42 %	44 %	45	44	44 %
InterLATA-Intrastate	19	18	19	19	18	17	18	17	17	17	16
IntraLATA-Interstate	1	1	1	1	1	1	1	1	1	1	1
InterLATA-Interstate	37	35	37	36	37	36	36	34	33	34	35
International	1	1	1	1	1	1	1	1	2	2	2
Others ¹	2	5	5	4	4	5	2	2	2	2	2
Total Calls in Sample	197,787	165,465	483,685	578,850	474,408	538,337	456,328	427,781	340,763	312,918	265,194
Minutes											
IntraLATA-Intrastate	28 %	29 %	27 %	27 %	28 %	29 %	30 %	32 %	35	32	32 %
InterLATA-Intrastate	18	18	18	18	17	17	18	18	16	17	16
IntraLATA-Interstate	1	1	1	1	1	1	1	1	1	1	1
InterLATA-Interstate	50	47	49	49	49	47	48	46	44	46	46
International	2	1	1	1	2	2	2	2	2	3	3
Others ¹	1	4	4	3	3	5	1	1	1	1	1
Total Minutes in Sample	1,493,674	1,210,675	3,673,315	4,330,888	3,544,905	4,030,643	3,319,982	2,992,644	2,308,266	2,088,773	1,766,565

Note: Figures may not add to totals due to rounding.

¹ Toll-free (800, 888, 877, 866) calls billed to residential customers, 900 calls and calls that cannot be classified.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 14.2
Average Residential Wireline Monthly Toll Minutes

Type	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
IntraLATA-Intrastate	40	41	41	40	36	33	32	28	25	18	17
InterLATA-Intrastate	26	26	27	26	23	19	19	16	12	10	8
IntraLATA-Interstate	1	1	1	1	1	1	1	1	1	1	0
InterLATA-Interstate	71	67	73	71	65	55	51	41	31	26	24
International	3	1	2	2	2	2	2	2	2	2	2
Others ¹	1	6	6	5	4	5	1	1	1	1	0
All Types	143	143	149	144	131	116	105	90	71	56	51

Note: Figures may not add to totals due to rounding.

¹ Toll-free (800, 888, 877, 866) minutes billed to residential customers, 900 minutes and minutes for calls that cannot be classified.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 14.3
Distribution of Residential Wireline Long Distance Call Durations:
2005 ¹

Duration of Call (Minutes)	Intrastate	Interstate	All Calls
1	48.0 %	40.7 %	45.2 %
2	14.4	11.1	13.2
3	7.6	5.9	6.9
4	4.8	4.1	4.5
5	3.4	3.4	3.4
6	2.6	2.8	2.7
7	2.1	2.4	2.2
8	1.7	2.1	1.9
9	1.4	1.8	1.6
10	1.4	2.1	1.7
11-15	4.2	6.6	5.2
16-20	2.5	4.4	3.2
21-25	1.6	3.1	2.2
26-30	1.1	2.3	1.5
31-45	1.7	3.9	2.5
46-60	0.7	1.7	1.1
> 60	0.7	1.7	1.1
Average Duration	5.4	8.8	6.7
Median Duration	2.0	2.0	2.0
Sample Size	151,343	93,495	244,838

¹ The sample includes domestic, directly-dialed calls.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 14.4
Duration and Distance of Intrastate Toll Calls ¹

	Duration (In Minutes)		Distance (In Miles)	
	Average	Median	Average	Median
1995	6.0	2.0	53	26
1996	6.0	2.0	55	28
1997	6.2	2.0	56	28
1998	6.0	2.0	55	29
1999	6.0	2.0	54	29
2000	6.1	2.0	54	28
2001	5.9	2.0	53	29
2002	5.6	2.0	52	28
2003	5.6	2.0	51	28
2004	5.3	2.0	56	30
2005	5.4	2.0	55	29

¹ Direct-dial calls carried by long distance carriers and local exchange carriers. Includes only domestic calls.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 14.5
Duration and Distance of Interstate Toll Calls ¹

	Duration (In Minutes)		Distance (In Miles)	
	Average	Median	Average	Median
1995	10.6	4.0	689	507
1996	10.0	4.0	670	473
1997	10.3	4.0	695	480
1998	10.3	4.0	691	493
1999	10.0	3.9	693	501
2000	10.0	4.0	706	524
2001	9.7	3.0	686	501
2002	9.4	3.0	692	489
2003	8.9	3.0	684	481
2004	8.9	2.0	721	525
2005	8.8	2.0	759	568

¹ Direct-dial calls carried by long distance carriers and local exchange carriers. Includes only domestic calls.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms *ReQuest Market Monitor*TM, *Bill Harvesting*[®].

Table 14.6
Distribution of Residential Wireline Long Distance Minutes
By Day and Time

2005

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	8.9 %	5.6 %	14.6 %
Tuesday	8.5	5.2	13.6
Wednesday	8.4	5.4	13.8
Thursday	8.7	5.4	14.1
Friday	8.6	4.3	13.0
Saturday	9.6	4.1	13.7
Sunday	11.3	6.0	17.2
Total	64.0 %	36.0 %	100.0 %

Based on a sample of 133,257 directly-dialed, interLATA calls.

2004

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	8.6 %	5.8 %	14.4 %
Tuesday	8.2	5.7	13.8
Wednesday	8.1	5.5	13.5
Thursday	8.9	5.7	14.6
Friday	8.1	4.5	12.6
Saturday	9.5	4.0	13.5
Sunday	11.4	6.1	17.4
Total	62.8 %	37.2 %	100.0 %

Based on a sample of 158,529 directly-dialed, interLATA calls.

2003

Day	7:00 AM - 6:59 PM	7:00 PM - 6:59 AM	Total
Monday	8.3 %	5.7 %	14.1 %
Tuesday	8.0	5.6	13.6
Wednesday	8.6	5.8	14.4
Thursday	8.1	5.6	13.7
Friday	7.8	4.2	12.0
Saturday	9.7	4.0	13.7
Sunday	11.9	6.6	18.5
Total	62.4 %	37.6 %	100.0 %

Based on a sample of 167,836 directly-dialed, interLATA calls.

Note: Individual figures may not add to totals due to rounding.

Source: Calculated by Industry Analysis and Technology Division staff using survey data from TNS Telecoms ReQuest Market Monitor™, Bill Harvesting®.

15 Revenues

In 1993, the Commission required all carriers with interstate revenues to begin filing an annual Telecommunications Relay Service (TRS) Fund Worksheet. Because revenues derived from providing access to the interstate network are considered to be interstate, virtually all carriers were required to file information. Starting in 1997, larger carriers were required to file Universal Service Fund (USF) worksheets, which contain similar information but with breakouts for revenues from service provided for resale and for service provided to end users. End-user revenues include revenues associated with services to end users and do not include resale (carrier's carrier) revenues. Carrier's carrier revenues are sales of telecommunications to universal service contributors for resale in the form of telecommunications. Filers report all other revenues as end-user revenues.¹ On April 1, 2000, carriers first filed an FCC Form 499-A Telecommunications Reporting Worksheet to report prior year revenue data for TRS, USF, North American Numbering Planning Administration, and local number portability contribution purposes. The FCC Form 499-A superseded the older reporting requirements and is now filed to satisfy carrier registration requirements at the Commission as well.

Table 15.1 shows the major components of telecommunications revenues from 1997 to the present: carrier's carrier revenues and end-user revenues for local, wireless, and toll service. Chart 15.1 shows the trend of the end-user revenue percentages for local, wireless and toll services. Table 15.2 shows how revenues by type of service have changed over time. Table 15.3 shows the number of telecommunications service providers by principal type of business. The publication *Telecommunications Provider Locator* (March 2006 edition) lists carriers that filed a FCC Form 499-A worksheet in 2005. It also contains an address and contact telephone number for each carrier. Table 15.4 contains revenues for eleven years through 2004 by type of carrier. Additional revenue detail can be found in the latest *Telecommunications Industry Revenues* report (March 2006 edition).

State-level telephone revenues are estimated using data from various editions of *Telecommunications Industry Revenues*, *Statistics of Communications Common Carriers*, *Local Telephone Competition*, and access filings to the FCC.² The carriers also file

¹ Carrier's carrier revenues and end-user revenues are defined in the FCC Form 499 instructions. Carrier's carrier revenues includes, for example, most access services that local exchange carriers provide to toll carriers. Sales to *de minimis* carriers and to others that are exempt from universal service contribution requirements, however, must be classified as end-user revenues. Filers contribute to the universal service funding mechanism based on types of end-user revenues.

² See Industry Analysis and Technology Division, Wireline Competition Bureau, *Monitoring Report* (various issues), Industry Analysis Division, Common Carrier Bureau, *State-by-State Telephone Revenues and Universal Service Data* (various issues). Estimates for 2004 use a similar methodology as those used in 2003.

quarterly data reported on form 499Q.

Table 15.5 provides estimates of telecommunications revenues by state for 1995 to 2004. Table 15.6 provides estimates of end-user and carrier's carrier revenues by state for 2004. Tables 15.7 and 15.8 provide estimates of telecommunications revenues for incumbent local exchange carriers, competitive local exchange carriers, and mobile wireless carriers by state; as well as estimates for subscriber line charges, access, and toll services.

Table 15.1
Telecommunications Industry Revenues ¹
(Dollar Amounts Shown in Millions)

	1997	1998	1999	2000	2001	2002	2003	2004	Preliminary 5/ 2005
Carrier's Carrier Revenues ²									
Local Service ³	\$28,289	\$29,374	\$33,156	\$36,621	\$40,108	\$38,412	\$37,742	\$38,546	\$38,734
Wireless Service	2,752	3,060	4,652	5,144	6,180	5,020	4,465	4,164	6,604
Toll Service	11,598	13,448	14,934	21,849	19,999	16,476	18,205	15,703	15,961
Intrastate	16,201	18,892	22,293	25,553	27,848	25,770	24,825	25,852	26,971
Interstate and International ⁴	26,562	27,114	30,449	38,060	38,439	34,138	35,587	32,561	34,327
Total	42,639	45,882	52,742	63,613	66,287	59,907	60,412	58,413	61,298
End User Revenues ²									
Local Service ³	69,137	75,189	78,608	84,526	87,704	88,712	86,474	83,407	82,771
Wireless Service	30,199	33,714	43,843	56,857	68,507	76,501	85,254	94,404	100,869
Toll Service	89,193	91,607	93,311	87,767	79,302	67,222	58,983	55,511	47,801
Intrastate	117,454	123,216	134,919	147,465	155,347	154,815	150,889	153,265	154,306
Interstate and International ⁴	70,952	77,170	80,844	81,685	80,165	77,619	79,822	80,057	77,135
Total	188,406	200,386	215,763	229,149	235,513	232,434	230,711	233,322	231,441
Total Revenues									
Local Service ³	97,426	104,563	111,764	121,147	127,812	127,123	124,216	121,953	121,504
Wireless Service	32,951	36,775	48,495	62,000	74,687	81,521	89,718	98,568	107,473
Toll Service	100,791	105,055	108,246	109,615	99,301	83,697	77,188	71,214	63,762
Intrastate	133,655	142,108	157,212	173,018	183,195	180,585	175,714	179,117	181,277
Interstate and International ⁴	97,514	104,284	111,293	119,745	118,605	111,756	115,409	112,617	111,462
Total	\$231,168	\$246,392	\$268,505	\$292,762	\$301,800	\$292,341	\$291,123	\$291,734	\$292,739

Note: Detail may not add to totals due to rounding.

¹ Data include revenues for *de minimis* filers as well as for other carriers that are exempt from universal service contribution requirements.

² Carrier's carrier revenues are reported on the FCC Form 499-A as sales to other universal service contributors for resale. This includes, for example, access services that local exchange carriers provide to toll carriers. Sales to *de minimis* resellers, end-user customers, governments, non-profits, and any other non-contributors are treated as end-user revenues. Filers contribute to the universal service funding mechanisms based on their end-user revenues.

³ Payphone revenues are included with local service revenues in this table.

⁴ Revenues from calls that both originate and terminate in foreign points are reported as end-user revenues, and are included in this table, but are not included in the universal service contribution base.

⁵ Preliminary 2005 data are based on FCC Form 499-Q quarterly filings. Companies that do not contribute to universal service are not required to make these filings. The quarterly filings include preliminary data for the just closed quarter and projections for the coming quarter, and therefore are not as accurate as the subsequent annual filings. Also, FCC Form 499-Q filers do not separate revenue by type of service. Therefore, revenue totals by service type for 2005 are based on type of filer rather than on data filed by service.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006), except as noted.

Chart 15.1
End-User Telecommunications Revenues

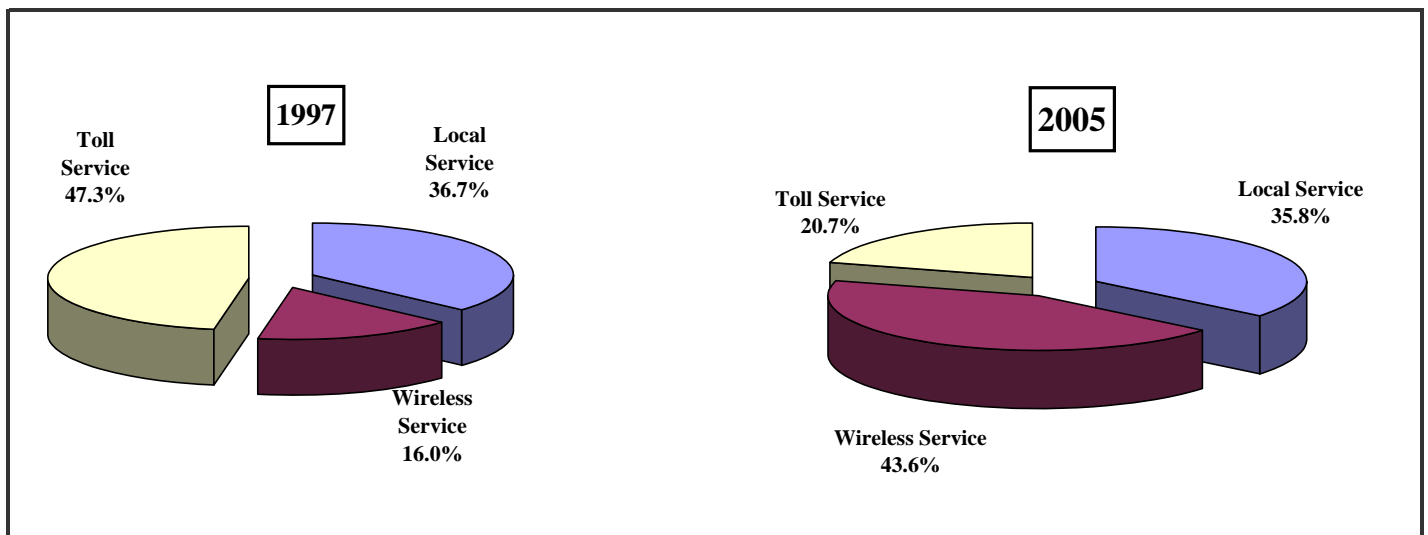


Table 15.2
Telecommunications Revenues Reported by Type of Service
(Dollar Amounts Shown in Millions)

Telecommunications Revenues	TRS Data			Universal Service & TRS Data		FCC Form 499-A Data					
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Local Exchange	\$42,245	\$45,194	\$48,717	\$53,771	\$59,245	\$64,940	\$69,947	\$72,346	\$71,320	\$70,606	\$68,238
Pay Telephone 1/				2,182	2,536	2,218	1,932	1,585	1,192	1,063	1,002
Local Private Line 2/	1,138	1,226	1,616	8,282	10,403	12,914	16,864	21,966	23,070	22,415	23,840
Other Local 3/	1,407	3,233	2,674	2,847	2,179	2,501	3,249	3,391	3,418	3,242	2,944
Subscriber Line Charges 2/	7,310	7,597	7,829	8,327	11,052	10,826	11,563	12,127	12,758	12,136	11,715
Access 2/	25,449	26,314	27,812	21,423	18,449	18,105	17,017	15,096	13,955	12,972	12,352
Universal Service Surcharges on Local Service Bills 4/					103	260	575	1,301	1,410	1,783	1,862
Additional Revenues from TRS Worksheets				595	595						
Total Local Service Revenues	77,548	83,564	88,647	97,426	104,563	111,764	121,147	127,812	127,123	124,216	121,953
Wireless Service	12,863	16,883	23,444	32,760	36,240	48,117	61,505	74,006	80,678	88,023	96,450
Universal Service Surcharges on Local Service Bills 4/					345	379	495	681	842	1,696	2,118
Additional Revenues from TRS Worksheets				189	189						
Total Wireless Service Revenues	12,863	16,883	23,444	32,950	36,775	48,495	62,000	74,687	81,521	89,718	98,568
Operator 1/	10,539	11,170	10,975	12,002	12,205	10,049	11,406	10,389	7,902	6,567	6,542
Non-Operator Switched Toll	61,468	65,217	73,751	72,059	74,168	78,389	75,183	65,325	54,475	50,178	46,387
Long Distance Private Line	9,043	9,719	10,665	10,504	11,952	13,169	16,189	16,402	15,108	15,316	13,906
Other Long Distance	3,428	3,523	4,299	4,695	3,386	3,656	3,372	3,259	2,445	2,222	1,801
Universal Service Surcharges on Local Service Bills 4/					1,810	2,983	3,467	3,927	3,767	2,905	2,577
Additional Revenues from TRS Worksheets				1,532	1,532						
Total Toll Service Revenues	84,478	89,629	99,691	100,793	105,055	108,246	109,615	99,301	83,697	77,188	71,214
Total Telecommunications Revenues 3/	174,890	190,076	211,782	231,168	246,392	268,505	292,762	301,799	292,341	291,122	291,735
Non-Telecommunications Revenues 3/	8,324	9,071	10,474	25,633	27,944	33,144	42,261	48,036	60,406	65,186	71,493
Total Reported Revenues	183,214	199,147	222,256	256,801	272,019	301,648	335,023	349,835	352,747	356,308	363,227
Service Reported as:											
Intrastate 3/	102,603	112,923	127,849	133,654	142,108	157,212	173,018	183,195	180,585	175,714	179,129
Interstate and International	80,611	86,224	94,407	97,514	104,284	111,293	119,745	118,605	111,756	115,409	112,605
Total Telecommunications Revenues 3/	\$183,214	\$199,147	\$222,256	\$231,168	\$246,392	\$268,505	\$292,762	\$301,799	\$292,341	\$291,123	\$291,734

Note: Detail may not add to totals due to rounding.

- 1/ TRS filers generally reported pay telephone revenues as local service revenues, access revenues or operator toll revenues. The Universal Service and FCC Form 499-A Worksheets contain a separate category for payphone coin revenues. Starting in 1997, payphone revenues include payphone compensation received from toll carriers.
- 2/ TRS Worksheet filers generally reported special access revenues as access revenues. Reporting changes implemented with the Universal Service Worksheet explain the increase in local private line revenues and the fall in access revenues shown for 1997. TRS Worksheet filers included subscriber line charges with other access charges. For the years 1994 - 1996, these revenues have been disaggregated by assuming that the end-user access revenues in Table 4.2 of *Statistics of Communications Common Carriers* represents 93% of industry total subscriber line charge revenues. Universal Service Worksheet filers report subscriber line charges in a separate category. The increase from 1997 to 1998 represents PICC charges levied by ILECs as well as \$1.2 billion of PICC pass-through charges levied by toll carriers.
- 3/ Significant amounts of enhanced services, billing and collection, CPE and other non-telecommunications revenues were reported in the TRS mobile and other local service categories through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenues reported as mobile and other local revenues were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (then reported as account 5200 and account 5280, respectively) and 10% of amounts reported as mobile service revenues. These amounts have been removed from Other Local and moved to the Non-Telecommunications category.
- 4/ Charges on end-user bills identified as recovering state or federal universal service contributions are reported separately from local, wireless and toll revenues. Reported amounts are apportioned between local, wireless and toll service based on the proportions of local, wireless and toll intrastate and interstate revenues by type of carrier.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006).

Table 15.3
Number of Interstate Telecommunications Providers
By Principal Type of Business

Service Provider Category 1/ 2/	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Incumbent Local Exchange Carriers (ILECs) 3/	1,347	1,347	1,376	1,410	1,348	1,318	1,335	1,335	1,310	1,303	1,304
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	30	57	94	129	212	298	479	511	451	601	690
Local Resellers			8	11	54	73	105	132	100	100	136
Other Local Exchange Carriers			17	7	10	23	23	26	64	72	92
Total: Competitors of ILECs	30	57	119	147	276	394	607	669	615	773	918
Total: Fixed Local Service Providers 4/	1,377	1,404	1,495	1,557	1,624	1,712	1,942	2,004	1,925	2,076	2,222
Payphone Providers	197	271	533	509	615	704	699	751	606	605	642
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers	790	792	853	732	808	784	783	670	422	413	396
Paging & Messaging Service	117	138	200	137	303	391	425	425	346	347	360
Specialized Mobile Radio (SMR) Dispatch			163	99	119	199	191	182	138	155	172
Wireless Data Service Providers and Other Mobile Service Providers			1	1	28	45	31	29	21	24	35
Total: Wireless Service Providers	907	930	1,217	969	1,258	1,419	1,430	1,306	927	939	963
Interexchange Carriers (IXCs)	97	130	149	151	171	178	212	233	229	232	257
Operator Service Providers (OSPs)	29	25	27	32	24	15	20	19	18	17	19
Prepaid Calling Card Providers		8	16	18	20	18	23	27	27	50	67
Satellite Service Carriers			22	13	13	17	25	34	33	40	40
Toll Resellers	206	260	345	340	388	406	493	558	574	642	751
Other Toll Carriers	34	30	28	15	31	17	35	69	51	45	70
Total: Toll Service Providers	366	453	587	569	647	651	808	940	932	1,026	1,204
All Filers	2,847	3,058	3,832	3,604	4,144	4,486	4,879	5,001	4,390	4,646	5,031

1/ Filers are asked to select for themselves a service provider category that best describes their operations. The choices have changed over the years; for example, most satellite service providers identified themselves as other toll carriers in their 1997 TRS worksheets because that worksheet did not contain a separate category for satellite service providers. Starting with the filings that included 2003 revenues, filers were able to identify up to five service provider types. Counts starting 2003 are based on the category selected as best describing the provider's operations.

2/ Counts are based on the numbers of filers actually reporting revenues. Counts dropped in 2002 because many affiliated filers were permitted to make consolidated filings.

3/ Fewer incumbent local exchange carriers filed in 1998 than in 1997 because of consolidation of study areas.

4/ The total number of local service providers shown in Table 8.7 differs from the total fixed local service providers shown in Table 15.3 because the number shown in Table 8.7 includes filers that self identify as mobile or toll providers, but that report some local exchange service revenues. The number of telecommunications providers shown in Table 15.3 also differs from the numbers shown in Table 5.3 because Table 5.3 includes all filers, including new filers that reported no revenues for the year shown.

Source: Data filed on FCC Forms 431, 457, and 499-A worksheets. See also: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006) and *Telecommunications Provider Locator* (March 2006), available at <http://www.fcc.gov/wcb/stats>.

Table 15.4
Gross Revenues Reported by Type of Carrier
(Dollars Shown in Millions)

Service Provider Category 1/	TRS Worksheet Data			Universal Service & TRS Data		FCC Form 499 Data					
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Incumbent Local Exchange Carriers 2/	\$91,527	\$95,612	\$100,021	\$105,154	\$108,234	\$112,216	\$116,158	\$117,885	\$114,990	\$109,480	\$105,496
Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs)	281	623	1,011	1,919	3,348	5,652	9,814	12,998	13,043	15,509	15,112
Local Resellers				206	410	511	879	1,393	1,538	721	1,215
Other Local Exchange Carriers				157	36	171	11	329	406	338	245
Private Carriers				112	147	87	39	15	281	267	532
Shared-Tenant Service Providers				87	93	87	202	46	42	22	22
Total: Competitors of ILECs	281	623	1,011	2,481	4,034	6,508	10,945	14,781	15,309	16,857	17,126
Total: Fixed Local Service Providers	91,807	96,235	101,032	107,634	112,268	118,725	127,103	132,666	130,300	126,337	122,622
Total: Payphone Providers	300	349	357	933	1,101	1,213	972	836	641	523	445
Wireless Telephony Including Cellular, Personal Communications Service (PCS) and SMR Telephony Carriers 2/	11,933	15,488	21,400	29,944	33,139	46,513	59,823	71,887	78,568	88,168	98,329
Paging & Messaging Service 2/				2,861	3,161	3,232	3,102	2,197	1,473	1,007	872
Specialized Mobile Radio (SMR) Dispatch						186	191	214	206	33	46
Wireless Data Service Providers and Other Mobile Service Providers	845	1,277	1,909	225	731	221	164	110	220	135	218
Total: Wireless Service Providers	12,777	16,765	23,310	33,030	37,032	50,152	63,280	74,596	80,467	89,342	99,465
Interexchange Carriers (IXCs)	66,381	70,938	79,057	79,080	83,443	87,570	87,311	81,272	68,146	61,246	51,589
Operator Service Providers (OSPs)	536	500	461	603	590	337	635	611	554	567	523
Prepaid Calling Card Providers		16	238	519	888	866	727	133	460	812	1,635
Satellite Service Carriers				1,011	475	280	336	373	406	663	721
Toll Resellers	2,840	4,220	6,564	8,010	9,885	9,211	10,641	8,797	9,279	9,294	12,192
Other Toll Carriers	709	773	577	348	710	150	1,758	2,516	2,089	2,339	2,543
Total: Toll Service Providers	70,466	76,447	86,896	89,570	95,992	98,414	101,407	93,702	80,934	74,920	69,204
Adjustments 3/	(461)	280	187	0	0	0	0	0	0	0	0
Total Telecommunications Revenues	\$174,890	\$190,076	\$211,782	\$231,168	\$246,392	\$268,505	\$292,762	\$301,799	\$292,341	\$291,123	\$291,734

1/ Filers are asked to select for themselves a service provider category that best describes their operations. The choices have changed over the years. For example, most satellite service providers identified themselves as other toll carriers in their 1997 Form 431 TRS worksheets because that worksheet did not contain a separate category for satellite service providers. For 2003 and 2004, some filers identified themselves as all distance carriers. These filers have been reclassified to be consistent with prior classifications.

2/ Significant amounts of enhanced service, billing and collection, CPE and other non-telecommunications revenues were reported on TRS worksheets by incumbent local exchange carriers (ILECs) and wireless carriers through 1996. Universal Service Worksheet filers report these revenues in the non-telecommunications category. For prior years, the amounts of non-telecommunications revenues reported as mobile and other local revenues were estimated as 70% of the amounts that Tier 1 ILECs reported in ARMIS as miscellaneous and nonregulated revenues (then reported as account 5200 and account 5280, respectively) and 10% of amounts reported as mobile service revenues. These amounts have been removed from incumbent local exchange carrier totals.

3/ Adjustments include some amounts withheld to preserve confidentiality and revisions made after the initial publication of the data.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006).

Table 15.5
Total Telecommunications Revenues by State
(Dollar Amounts Shown in Millions)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Alabama	\$2,668	\$2,946	\$3,205	\$3,394	\$3,712	\$4,008	\$4,314	\$4,052	\$4,196	\$4,318
Alaska	464	518	561	590	664	717	770	778	816	823
American Samoa	NA	NA	NA	NA	NA	NA	13	13	13	15
Arizona	2,842	3,249	3,667	3,958	4,359	4,972	5,205	5,045	4,898	4,974
Arkansas	1,534	1,719	1,885	2,005	2,303	2,315	2,593	2,486	2,470	2,592
California	22,379	25,100	27,236	28,692	29,384	33,577	35,398	34,838	34,098	34,303
Colorado	3,128	3,526	4,006	4,260	4,826	5,290	5,515	5,308	5,013	4,984
Connecticut	2,765	2,943	3,266	3,173	3,405	3,924	4,020	3,854	3,884	3,821
Delaware	492	567	627	685	788	875	883	877	874	946
District of Columbia	886	955	1,049	1,085	1,581	1,648	1,383	1,343	1,337	1,296
Florida	11,582	12,972	14,161	15,042	17,223	18,308	18,849	18,223	18,613	20,003
Georgia	5,335	6,004	6,849	7,469	8,479	8,919	9,627	9,371	9,433	9,415
Guam	NA	85	97	103	99	108	122	119	123	130
Hawaii	775	841	930	969	1,009	1,177	1,207	1,200	1,212	1,196
Idaho	791	908	967	1,010	1,092	1,210	1,245	1,244	1,237	1,223
Illinois	7,916	8,920	10,069	10,948	11,983	13,516	12,860	12,110	11,928	11,809
Indiana	3,804	4,192	4,536	4,810	5,099	5,552	5,524	5,385	5,292	5,298
Iowa	1,888	2,039	2,163	2,268	2,441	2,340	2,652	2,549	2,711	2,559
Kansas	1,829	2,017	2,165	2,304	2,588	2,571	2,656	2,479	2,473	2,436
Kentucky	2,353	2,629	2,861	3,060	3,426	3,573	3,665	3,301	3,307	3,634
Louisiana	2,703	2,946	3,192	3,432	3,913	3,964	4,274	4,185	4,232	4,278
Maine	869	976	996	1,105	1,195	1,328	1,387	1,365	1,359	1,353
Maryland	3,767	4,234	4,625	4,911	5,176	5,783	6,202	6,033	6,073	6,163
Massachusetts	4,988	5,455	6,010	6,338	6,561	7,428	7,367	7,121	6,983	6,897
Michigan	6,444	7,246	7,983	8,523	9,530	9,937	9,889	9,450	9,352	8,897
Minnesota	3,064	3,461	3,864	4,115	4,617	4,877	4,934	4,772	4,682	4,578
Mississippi	1,584	1,734	1,877	2,017	2,283	2,486	2,633	2,578	2,676	2,768
Missouri	3,623	4,017	4,389	4,613	5,442	5,688	6,067	5,436	5,676	5,522
Montana	640	709	756	780	897	937	903	907	911	897
Nebraska	1,296	1,428	1,540	1,587	1,737	1,760	1,865	1,796	1,799	1,744
Nevada	1,099	1,324	1,489	1,592	1,884	1,954	2,160	2,163	2,267	2,348
New Hampshire	989	1,118	1,208	1,246	1,313	1,429	1,419	1,399	1,373	1,362
New Jersey	7,091	7,927	8,707	9,366	9,558	10,670	10,689	10,251	10,054	10,258
New Mexico	1,121	1,262	1,370	1,433	1,518	1,515	1,656	1,631	1,706	1,767
New York	14,983	16,026	17,120	17,935	19,700	20,903	21,771	21,148	20,660	19,593
North Carolina	5,394	6,104	6,613	7,297	8,006	8,619	8,811	8,368	8,321	8,482
North Dakota	481	587	596	599	660	731	699	678	641	630
Northern Mariana Islands	15	18	21	30	34	32	43	46	44	44
Ohio	7,457	8,219	8,823	9,396	9,952	10,902	10,708	10,351	10,419	10,489
Oklahoma	1,996	2,179	2,410	2,552	2,727	2,915	3,116	3,100	3,210	3,169
Oregon	2,238	2,502	2,720	2,905	3,123	3,159	3,480	3,381	3,337	3,356
Pennsylvania	7,961	8,867	9,588	10,309	10,770	12,200	12,578	12,274	12,087	12,063
Puerto Rico	1,244	1,405	1,606	1,467	2,051	1,971	2,598	2,168	2,456	2,354
Rhode Island	686	761	839	859	946	1,012	989	978	965	980
South Carolina	2,653	2,849	3,053	3,393	3,790	4,047	4,147	4,142	4,187	4,124
South Dakota	488	584	602	635	716	763	712	690	668	667
Tennessee	3,467	3,880	4,302	4,553	4,928	5,256	5,574	5,409	5,466	5,442
Texas	12,871	14,563	15,943	17,576	19,032	21,405	21,617	21,549	21,508	21,610
Utah	1,112	1,284	1,443	1,557	1,790	1,998	2,090	2,016	1,986	2,003
Vermont	424	547	575	602	684	717	659	640	629	590
Virgin Islands	74	93	101	109	122	129	145	157	172	190
Virginia	5,061	5,646	6,179	6,576	7,020	8,013	8,506	8,174	8,107	8,074
Washington	3,995	4,438	4,613	5,080	5,703	6,253	6,260	6,215	6,090	6,172
West Virginia	1,143	1,240	1,337	1,383	1,437	1,625	1,735	1,671	1,674	1,707
Wisconsin	3,258	3,621	3,927	4,234	4,719	5,195	5,027	4,976	4,859	4,821
Wyoming	366	402	449	462	513	563	587	552	567	567
Total	\$190,076	\$211,782	\$231,168	\$246,392	\$268,505	\$292,762	\$301,799	\$292,341	\$291,123	\$291,734

NA - Not Available.

Note: Figures may not add to totals due to rounding.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Monitoring Report* (various issues) and Industry Analysis Division, Common Carrier Bureau, *State-by-State Telephone Revenue and Universal Service Data* (various issues).

Table 15.6
Telecommunications Revenues by State: 2004
(Dollar Amounts Shown in Millions)

	End User			Carrier's Carrier			Total: End User + Carrier's Carrier			
	Interstate	Intrastate	Total	Interstate	Intrastate	Total	Interstate	Intrastate	Total	Percent of Total
Alabama	\$1,155	\$2,327	\$3,481	\$466	\$371	\$837	\$1,621	\$2,697	\$4,318	1.48 %
Alaska	267	383	650	109	65	173	376	447	823	0.28
American Samoa	2	10	12	1	2	3	3	12	15	0.01
Arizona	1,526	2,487	4,014	586	374	960	2,112	2,861	4,974	1.70
Arkansas	710	1,353	2,063	299	230	529	1,010	1,582	2,592	0.89
California	8,685	18,708	27,393	3,448	3,462	6,910	12,133	22,170	34,303	11.76
Colorado	1,473	2,484	3,957	626	401	1,027	2,099	2,885	4,984	1.71
Connecticut	1,222	1,869	3,090	503	227	730	1,724	2,096	3,821	1.31
Delaware	301	468	770	121	56	177	422	524	946	0.32
Dist. of Columbia	379	625	1,004	207	85	292	585	710	1,296	0.44
Florida	5,751	10,221	15,973	2,257	1,772	4,030	8,009	11,994	20,003	6.86
Georgia	2,578	4,937	7,515	1,179	722	1,901	3,757	5,659	9,415	3.23
Guam	41	62	103	17	10	27	58	72	130	0.04
Hawaii	340	631	970	129	96	225	469	726	1,196	0.41
Idaho	392	564	957	171	96	266	563	660	1,223	0.42
Illinois	3,241	6,414	9,654	1,199	955	2,154	4,440	7,369	11,809	4.05
Indiana	1,487	2,761	4,248	556	494	1,050	2,043	3,254	5,298	1.82
Iowa	733	1,268	2,001	300	257	558	1,033	1,525	2,559	0.88
Kansas	711	1,238	1,949	304	183	487	1,015	1,421	2,436	0.84
Kentucky	977	1,930	2,907	397	330	727	1,374	2,260	3,634	1.25
Louisiana	1,101	2,398	3,499	423	356	779	1,524	2,754	4,278	1.47
Maine	364	718	1,081	165	106	271	529	824	1,353	0.46
Maryland	1,785	3,178	4,963	712	488	1,200	2,497	3,666	6,163	2.11
Massachusetts	1,909	3,724	5,633	778	487	1,265	2,687	4,211	6,897	2.36
Michigan	2,276	4,926	7,203	834	861	1,695	3,110	5,787	8,897	3.05
Minnesota	1,294	2,368	3,662	542	374	916	1,836	2,742	4,578	1.57
Mississippi	709	1,542	2,251	292	225	517	1,001	1,767	2,768	0.95
Missouri	1,528	2,781	4,309	640	573	1,213	2,168	3,354	5,522	1.89
Montana	284	409	694	116	88	203	400	497	897	0.31
Nebraska	457	903	1,360	211	173	384	667	1,076	1,744	0.60
Nevada	835	1,056	1,891	322	136	457	1,157	1,192	2,348	0.80
New Hampshire	416	673	1,090	166	106	272	583	779	1,362	0.47
New Jersey	2,983	5,299	8,282	1,187	789	1,976	4,170	6,088	10,258	3.52
New Mexico	546	837	1,383	226	159	384	771	996	1,767	0.61
New York	4,927	10,674	15,601	2,157	1,835	3,992	7,084	12,509	19,593	6.72
North Carolina	2,429	4,364	6,794	966	722	1,688	3,395	5,087	8,482	2.91
North Dakota	178	308	485	85	59	145	263	367	630	0.22
N. Mariana Islands	13	23	35	5	4	9	18	26	44	0.02
Ohio	2,724	5,714	8,438	1,052	999	2,050	3,776	6,713	10,489	3.60
Oklahoma	898	1,650	2,549	378	242	620	1,276	1,893	3,169	1.09
Oregon	996	1,654	2,651	420	286	706	1,416	1,940	3,356	1.15
Pennsylvania	3,355	6,141	9,497	1,393	1,174	2,567	4,748	7,315	12,063	4.14
Puerto Rico	642	1,305	1,947	236	171	407	877	1,476	2,354	0.81
Rhode Island	274	536	809	99	72	171	372	608	980	0.34
South Carolina	1,161	2,162	3,324	453	347	801	1,615	2,509	4,124	1.41
South Dakota	192	325	517	82	68	150	274	393	667	0.23
Tennessee	1,521	2,918	4,439	598	405	1,004	2,119	3,323	5,442	1.87
Texas	5,267	11,824	17,091	2,243	2,277	4,519	7,509	14,101	21,610	7.41
Utah	595	1,007	1,602	247	154	401	842	1,161	2,003	0.69
Vermont	194	262	456	87	46	134	282	308	590	0.20
Virgin Islands	82	64	146	33	11	44	115	75	190	0.07
Virginia	2,344	4,021	6,365	992	717	1,709	3,336	4,738	8,074	2.77
Washington	1,764	3,089	4,853	740	578	1,318	2,504	3,668	6,172	2.12
West Virginia	517	828	1,344	217	146	363	734	973	1,707	0.59
Wisconsin	1,348	2,580	3,928	505	388	893	1,853	2,968	4,821	1.65
Wyoming	178	262	440	84	43	127	262	305	567	0.19
Total	\$80,056	\$153,265	\$233,321	\$32,561	\$25,852	\$58,413	\$112,617	\$179,117	\$291,734	100.00 %

Note: Figures are preliminary and may not add to totals due to rounding.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Monitoring Report* (December 2006).

Table 15.7
Telecommunications Revenues by Type of Service: 2004
(Dollar Amounts Shown in Millions)

	Mobile						Total
	ILECs ¹	CLECs	Wireless	SLCs ²	Access	Toll	
Alabama	\$1,292	\$194	\$1,354	\$185	\$332	\$960	\$4,318
Alaska	NA	NA	NA	NA	NA	NA	823
American Samoa	NA	NA	NA	NA	NA	NA	15
Arizona	1,032	433	1,812	222	425	1,050	4,974
Arkansas	642	87	810	95	254	704	2,592
California	7,019	2,010	12,694	1,138	3,349	8,094	34,303
Colorado	1,279	265	1,605	240	495	1,100	4,984
Connecticut	910	145	1,214	162	330	1,059	3,821
Delaware	200	48	349	42	80	226	946
District of Columbia	409	115	327	40	147	258	1,296
Florida	4,542	950	7,011	894	1,918	4,687	20,003
Georgia	2,608	520	3,138	362	907	1,880	9,415
Guam	NA	NA	NA	NA	NA	NA	130
Hawaii	289	22	482	64	114	226	1,196
Idaho	289	21	385	64	144	321	1,223
Illinois	2,582	890	4,430	413	882	2,611	11,809
Indiana	1,344	267	1,674	259	444	1,310	5,298
Iowa	567	106	851	108	287	640	2,559
Kansas	593	169	791	84	214	586	2,436
Kentucky	1,052	116	1,177	163	321	806	3,634
Louisiana	1,265	151	1,499	184	292	887	4,278
Maine	370	61	359	55	117	390	1,353
Maryland	1,416	328	2,104	244	520	1,551	6,163
Massachusetts	1,456	531	2,306	288	520	1,797	6,897
Michigan	1,925	839	3,195	330	733	1,875	8,897
Minnesota	1,043	322	1,661	182	443	927	4,578
Mississippi	930	70	830	105	176	657	2,768
Missouri	1,393	229	1,683	228	600	1,389	5,522
Montana	229	14	239	51	102	262	897
Nebraska	439	109	579	56	203	357	1,744
Nevada	510	80	777	87	181	715	2,348
New Hampshire	275	91	404	59	116	416	1,362
New Jersey	1,795	703	3,722	419	952	2,667	10,258
New Mexico	438	27	552	100	203	445	1,767
New York	5,168	1,961	5,848	726	1,689	4,201	19,593
North Carolina	2,161	307	2,869	392	767	1,986	8,482
North Dakota	151	30	196	26	83	144	630
N. Mariana Islands	NA	NA	NA	NA	NA	NA	44
Ohio	2,719	522	3,641	426	891	2,289	10,489
Oklahoma	820	129	1,015	126	277	802	3,169
Oregon	784	142	1,114	163	361	791	3,356
Pennsylvania	2,467	908	3,777	553	1,288	3,070	12,063
Puerto Rico	609	25	1,000	97	184	439	2,354
Rhode Island	191	114	362	35	57	222	980
South Carolina	1,124	120	1,375	181	338	985	4,124
South Dakota	145	26	225	27	83	160	667
Tennessee	1,520	253	1,866	244	391	1,169	5,442
Texas	5,871	1,235	7,114	748	2,150	4,492	21,610
Utah	415	153	723	85	196	429	2,003
Vermont	166	22	97	32	59	214	590
Virgin Islands	NA	NA	NA	NA	NA	NA	190
Virginia	1,685	530	2,584	340	843	2,092	8,074
Washington	1,348	263	2,099	300	705	1,457	6,172
West Virginia	500	45	420	84	155	503	1,707
Wisconsin	1,139	334	1,666	205	360	1,117	4,821
Wyoming	139	20	164	27	69	148	567
Total ³	\$69,506	\$17,125	\$98,550	\$11,802	\$26,875	\$67,871	\$291,734

NA - Not Applicable.

Note: Figures are preliminary and may not add to totals due to rounding.

¹ Excludes subscriber line charges.

² Includes ILECs' USF pass-thru charges.

³ Totals in the first six columns include revenues for locations not estimated.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Monitoring Report* (December 2006).

16 Subscribership

Under contract with the FCC, the U.S. Census Bureau includes questions on telephones as part of its *Current Population Survey (CPS)*. This survey, which monitors demographic trends between the decennial censuses, has several strengths: it is conducted regularly by an expert agency, the sample is very large, and the questions are consistent. Thus, changes in the results can be compared over time with a great deal of confidence.

Almost twenty-nine million households have been added to the nation's telephone system since these surveys began in November 1983, reflecting both an increase in the total number of households and a small, but statistically significant, increase in the percentage of households that subscribe to telephone service.

Because of smaller sample sizes, state-by-state data, shown in Table 16.3, are subject to greater sampling errors than the national data shown in Table 16.1. These two tables are based on the Census Bureau's Current Population Survey. Additional information can be found in the *Telephone Penetration* and *Telephone Subscribership* reports available on the Internet on the Wireline Competition Bureau Statistical Reports web page at www.fcc.gov/wcb/stats.

Historical estimates for the United States, using the decennial census population counts, are shown in Table 16.2. Prior to 1980, historical estimates of telephone penetration were based on a comparison of the number of residential main stations to the number of households. These estimates became less reliable at that point because of the emergence of an increasing number of households with multiple phone lines. In the 1980 decennial census, the question "Do you have a telephone?" was added to the long-form questionnaire. The 1980 and 1990 percentages in Table 16.2 are based on those responses. In the 2000 decennial census, the question was changed to "Is there telephone service available in this [housing unit] from which you can both make and receive calls?" The question was changed in 2000 to avoid the possible bias from having a phone but no service. With the telephone companies no longer owning the telephone instruments beginning in 1984, it is possible for someone to have a telephone but not have service. The question also allows for the possibility of the substitution of wireless service for wireline service. Beginning in 2001 the Census Bureau introduced the American Community Survey (ACS), which was designed to replace the long form of the decennial census, and Table 16.2 includes data from that survey as well. Table 16.2 also documents the per capita changes in wireline phone lines and wireless subscribers over time. The decennial census percentages in 1990 and 2000 and the ACS percentages for 2001 to 2005 reported in Table 16.2 are higher than the CPS percentage reported in Table 16.1. These differences are due to slight differences in the questions and the contexts in which they are asked. Also, the CPS uses households as the basis of measurement, while the census and the ACS use occupied housing units instead.

Further information from the ACS is shown in Tables 16.4 and 16.5. Table 16.4 shows state data and Table 16.5 shows other characteristics including housing unit tenure, age of the householder, and race and ethnicity of the householder.

Table 16.1
Household Telephone Subscribership in the United States

	Households (Millions)	Households with Telephones (Millions)	Percentage with Telephones	Households without Telephones (Millions)	Percentage without Telephones
1983 November	85.8	78.4	91.4 %	7.4	8.6 %
1984 March	86.0	78.9	91.8	7.1	8.2
July	86.6	79.3	91.6	7.3	8.4
November	87.4	79.9	91.4	7.5	8.6
1985 March	87.4	80.2	91.8	7.2	8.2
July	88.2	81.0	91.8	7.2	8.2
November	88.8	81.6	91.9	7.2	8.1
1986 March	89.0	82.1	92.2	6.9	7.8
July	89.5	82.5	92.2	7.0	7.8
November	89.9	83.1	92.4	6.8	7.6
1987 March	90.2	83.4	92.5	6.8	7.5
July	90.7	83.7	92.3	7.0	7.7
November	91.3	84.3	92.3	7.0	7.7
1988 March	91.8	85.3	92.9	6.5	7.1
July	92.4	85.7	92.8	6.7	7.2
November	92.6	85.7	92.5	6.9	7.5
1989 March	93.6	87.0	93.0	6.6	7.0
July	93.8	87.5	93.3	6.3	6.7
November	93.9	87.3	93.0	6.6	7.0
1990 March	94.2	87.9	93.3	6.3	6.7
July	94.8	88.4	93.3	6.4	6.7
November	94.7	88.4	93.3	6.3	6.7
1991 March	95.3	89.2	93.6	6.1	6.4
July	95.5	89.1	93.3	6.4	6.7
November	95.7	89.4	93.4	6.3	6.6
1992 March	96.6	90.7	93.9	5.9	6.1
July	96.6	90.6	93.8	6.0	6.2
November	97.0	91.0	93.8	6.0	6.2
1993 March	97.3	91.6	94.2	5.7	5.8
July	97.9	92.2	94.2	5.7	5.8
November	98.8	93.0	94.2	5.8	5.8
1994 March	98.1	92.1	93.9	6.0	6.1
July	98.6	92.4	93.7	6.2	6.3
November	99.8	93.7	93.8	6.2	6.2
1995 March	99.9	93.8	93.9	6.1	6.1
July	100.0	94.0	94.0	6.0	6.0
November	100.4	94.2	93.9	6.2	6.1
1996 March	100.6	94.4	93.8	6.2	6.2
July	101.2	95.0	93.9	6.1	6.1
November	101.3	95.1	93.9	6.2	6.1
1997 March	102.0	95.8	93.9	6.2	6.1
July	102.3	96.1	93.9	6.2	6.1
November	102.8	96.5	93.8	6.3	6.2
1998 March	103.4	97.4	94.1	6.1	5.9
July	103.4	97.3	94.1	6.1	5.9
November	104.1	98.0	94.2	6.1	5.8
1999 March	104.8	98.5	94.0	6.3	6.0
July	105.1	99.2	94.4	5.9	5.6
November	105.4	99.1	94.1	6.3	5.9
2000 March	105.3	99.6	94.6	5.7	5.4
July	105.8	99.8	94.4	5.9	5.6
November	106.5	100.2	94.1	6.3	5.9
2001 March	107.0	101.1	94.6	5.8	5.4
July	106.9	101.7	95.1	5.2	4.9
November	107.7	102.2	94.9	5.5	5.1
2002 March	108.3	103.4	95.5	4.8	4.5
July	108.5	103.2	95.1	5.3	4.9
November	109.0	104.0	95.3	5.1	4.7
2003 March	112.1	107.1	95.5	5.0	4.5
July	112.1	106.8	95.2	5.3	4.8
November	113.1	107.1	94.7	6.0	5.3
2004 March	112.9	106.4	94.2	6.5	5.8
July	113.5	106.5	93.8	7.1	6.2
November	113.8	106.4	93.5	7.4	6.5
2005 March	114.5	105.8	92.4	8.7	7.6
July	114.4	107.5	94.0	6.8	6.0
November	115.2	107.0	92.9	8.2	7.1
2006 March	115.5	107.2	92.8	8.4	7.2
July	116.2	109.9	94.6	6.3	5.4

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telephone Subscribership in the United States* (January 2007). Based on data from the Census Bureau's Current Population Survey.

Table 16.2
Historical Telephone Penetration Estimates

Year	Percentage of Housing Units with Telephones	Telephone Wire Lines per 100 Population	Wireless Subscribers per 100 Population
1920	35.0 %	9.6	
1930	40.9	12.5	
1940	36.9	12.7	
1950	61.8	21.7	
1960	78.3	27.6	
1970	90.5	35.0	
1980	92.9	45.1	
1990	94.8	54.7	1.8
2000	97.6	67.9	34.5
2001	96.9	67.4	41.5
2002	96.6	65.6	46.7
2003	96.2	63.7	50.9
2004	95.7	61.3	57.7
2005	94.8	60.1	65.6

Sources: Percentage data for 1920 to 1970 from the U.S. Census Bureau, *Historical Statistics of the United States, Colonial Times to 1970*, Part 2, page 783. Percentage data for 1980 to 2000 from the decennial censuses. Percentage data for 2001 to 2005 from the Census Bureau's American Community Survey. Telephone line data for 1920 through 1970 are estimated by multiplying the number of telephones by the proportion of main plus equivalent main stations to total telephones for the Bell System. Prior to 1950, the 1950 proportion is used. For 1980 and 1990, ILEC local loops are used (see Table 7.1). For 2000 to 2005, June ILEC and CLEC lines are used from Industry Analysis and Technology Division, Wireline Competition Bureau Bureau, *Local Telephone Competition: Status as of June 30, 2005* (April 2006). June wireless subscribers reported by CTIA are from Table 11.1. For 1920 to 2000 the population from the decennial census is used. For 2001 to 2005 Census Bureau population estimates for July 1 are used.

Table 16.3
Telephone Penetration by State
(Annual Average Percentage of Households with Telephone Service)

State	1984	2005	Change
Alabama	88.4 %	91.6 %	3.2 % *
Alaska	86.5	95.2	8.7 *
Arizona	86.9	92.9	6.0 *
Arkansas	86.6	87.9	1.3
California	92.5	95.4	3.0 *
Colorado	93.2	95.1	1.8 *
Connecticut	95.5	93.9	-1.6 #
Delaware	94.3	91.5	-2.7 #
District of Columbia	94.9	92.2	-2.7 #
Florida	88.7	91.8	3.1 *
Georgia	86.2	89.8	3.6 *
Hawaii	93.5	94.8	1.3
Idaho	90.7	94.8	4.1 *
Illinois	94.2	89.6	-4.6 #
Indiana	91.6	90.8	-0.8
Iowa	96.2	95.4	-0.8
Kansas	94.3	94.3	0.0
Kentucky	88.1	91.3	3.1 *
Louisiana	89.7	91.8	2.2 *
Maine	93.4	95.7	2.3 *
Maryland	95.7	94.0	-1.7 #
Massachusetts	95.9	94.5	-1.4 #
Michigan	92.8	92.6	-0.2
Minnesota	95.8	96.2	0.4
Mississippi	82.4	89.5	7.1 *
Missouri	91.5	94.2	2.7 *
Montana	91.0	93.0	2.0 *
Nebraska	95.7	94.3	-1.4 #
Nevada	90.4	91.2	0.8
New Hampshire	94.3	95.8	1.5
New Jersey	94.8	93.8	-1.0
New Mexico	82.0	91.2	9.2 *
New York	91.8	92.1	0.3
North Carolina	88.3	92.8	4.5 *
North Dakota	94.6	96.3	1.7 *
Ohio	92.4	94.1	1.6 *
Oklahoma	90.3	89.2	-1.1
Oregon	90.6	95.7	5.1 *
Pennsylvania	94.9	95.6	0.7
Rhode Island	93.6	95.3	1.7
South Carolina	83.7	93.1	9.5 *
South Dakota	93.2	95.9	2.7 *
Tennessee	88.5	92.3	3.8 *
Texas	88.4	91.1	2.7 *
Utah	92.5	96.9	4.4 *
Vermont	92.3	95.6	3.3 *
Virginia	93.1	93.2	0.2
Washington	93.0	96.9	3.9 *
West Virginia	87.7	92.6	4.9 *
Wisconsin	95.2	94.8	-0.4
Wyoming	89.9	94.8	4.9 *
Total United States	91.6 %	93.1 %	1.5 % *

Note: Differences may not appear to equal changes due to rounding.

* Increase is statistically significant at the 95% confidence level.

Decrease is statistically significant at the 95% confidence level.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telephone Subscribership in the United States* (May 2006). Based on data from the Census Bureau's Current Population Survey.

Table 16.4
Telephone Penetration by State
(Percentage of Housing Units with Telephone Service)

State	2001	2002	2003	2004	2005
Alabama	95.2 %	95.3 %	95.1 %	94.5 %	93.3 %
Alaska	96.6	97.9	96.7	97.6	96.6
Arizona	95.8	95.6	95.0	95.2	93.1
Arkansas	94.7	94.3	92.5	91.0	90.9
California	98.0	98.3	98.3	97.9	97.0
Colorado	98.5	97.4	97.0	96.5	95.1
Connecticut	98.8	98.7	98.2	98.3	97.3
Delaware	98.2	98.2	97.7	97.9	97.5
District of Columbia	97.1	97.5	96.9	96.1	95.2
Florida	97.0	96.6	96.3	95.5	94.0
Georgia	95.6	95.5	95.0	94.1	92.9
Hawaii	97.9	97.0	96.3	95.2	95.6
Idaho	96.2	97.4	96.3	95.7	96.2
Illinois	95.9	95.7	95.4	94.7	94.4
Indiana	95.4	94.7	93.7	93.4	94.4
Iowa	97.6	97.4	96.6	95.6	96.0
Kansas	96.9	96.3	95.8	95.7	93.6
Kentucky	96.0	94.8	95.0	93.3	92.0
Louisiana	95.3	95.4	94.7	92.9	92.9
Maine	98.8	98.2	98.4	97.7	96.6
Maryland	97.7	97.5	97.5	97.0	95.8
Massachusetts	98.5	98.6	98.5	97.9	96.2
Michigan	96.4	95.5	95.1	94.4	93.4
Minnesota	98.7	98.2	98.5	97.4	96.7
Mississippi	93.3	93.4	92.8	91.4	89.6
Missouri	96.6	96.7	96.3	96.1	95.4
Montana	97.1	96.9	96.5	95.1	95.0
Nebraska	97.2	96.4	95.6	94.8	95.5
Nevada	95.2	95.3	94.4	95.2	95.9
New Hampshire	98.7	98.5	98.1	98.2	96.9
New Jersey	98.0	97.7	97.6	96.9	95.8
New Mexico	92.9	90.7	93.0	94.4	92.5
New York	97.2	96.9	96.8	96.5	95.5
North Carolina	96.5	95.6	94.1	94.5	93.8
North Dakota	97.8	97.3	96.8	95.9	94.7
Ohio	97.7	96.7	97.1	96.2	95.4
Oklahoma	95.7	93.9	94.7	93.7	93.1
Oregon	98.0	97.1	96.9	96.0	95.3
Pennsylvania	97.8	98.0	97.5	97.2	96.5
Rhode Island	98.3	97.8	97.7	96.8	96.4
South Carolina	96.0	94.7	94.7	93.6	92.3
South Dakota	97.6	96.8	96.1	95.8	95.3
Tennessee	96.8	96.3	95.1	95.2	92.9
Texas	95.9	95.4	94.3	93.7	92.9
Utah	97.4	97.7	97.5	97.4	96.5
Vermont	98.1	98.1	97.7	97.6	97.9
Virginia	97.3	97.0	97.0	95.8	95.6
Washington	97.5	97.8	97.0	96.5	96.5
West Virginia	95.1	95.9	94.8	94.0	94.5
Wisconsin	97.9	97.5	96.3	95.5	96.4
Wyoming	95.1	94.9	94.5	94.4	94.9
Total United States	96.9 %	96.6 %	96.2 %	95.7 %	94.8 %
Puerto Rico	NA	NA	NA	NA	73.8 %

Source: Census Bureau, American Community Survey

Table 16.5
Telephone Penetration by Selected Characteristics
(Percentage of Housing Units with Telephone Service)

Characteristic	2001	2002	2003	2004	2005
Housing Unit Tenure					
Owner Occupied	98.8 %	98.7 %	98.5 %	98.3 %	97.7 %
Renter Occupied	93.4	92.6	91.6	90.4	89.0
Age of Householder					
15 - 34	94.5	93.6	92.0	90.2	88.0
35 - 64	97.3	97.2	97.1	96.7	96.1
65 +	98.7	98.6	98.7	98.7	98.6
Race of Householder					
White	97.6	97.3	96.9	96.3	95.6
Black or African American	93.6	93.0	93.0	92.3	91.9
American Indian or Alaska Native	89.1	89.5	87.8	89.6	86.8
Asian	98.4	98.0	97.5	96.9	95.5
Native Hawaiian or Pacific Islander	95.9	95.5	91.4	92.2	93.1
Other	94.6	95.1	93.9	93.3	91.0
Two or More Races	95.1	92.7	95.6	92.8	92.7
Ethnicity of Householder					
Hispanic or Latino	94.2	93.9	93.4	92.6	91.6
Total United States	96.9 %	96.6 %	96.2 %	95.7 %	94.8 %

Source: Census Bureau, American Community Survey.

17 Technology and Infrastructure

Price-cap regulated carriers, including the Bell operating companies (BOCs), file data on technology as part of their Automated Reporting Management Information System (ARMIS) reports. The data contained in Tables 17.1 and 17.3 are from the BOCs' ARMIS 43-07 reports, and the data contained in Table 17.2 are from the ARMIS 43-05 report. The individual carrier's data can be obtained from the ARMIS web page at www.fcc.gov/wcb/eafs. Selected holding company statistics from the ARMIS 43-07 can be found in Section 10 of our *Monitoring Report* on the web page www.fcc.gov/wcb/iatd/monitor. Also information about broadband deployment is contained in Chapter 2, *Advanced Telecommunications*.

1. Central Office Technology

Table 17.1 shows the number of BOC switches and tracks the deployment of certain key switching and signaling technologies, described below, in BOC central offices. (Information about broadband deployment is contained in Chapter 2, *Advanced Telecommunications*.) Telephone companies replaced most of their older electromechanical switches with stored program control switches (SPCSs) beginning in 1980. Stored program control makes it possible to change the operational and service features of a switch by changing the program stored in switch memory and executed by switch processors. SPCSs can use either analog or digital switching technology. As shown in Table 17.1 virtually all switches in BOC networks now use digital stored program control technology, and more than 98 percent of BOC access lines terminate on digital switches. As such, the tables in this report no longer separately track electromechanical or analog SPC switches.

In the late 1980s, telephone companies began to convert switching offices from in-band signaling to Signaling System 7 (SS7). SS7 permits calls to be set up more efficiently, and also allows certain new services to be deployed. It may be implemented on both analog and digital stored program control switches. Data in Table 17.1 shows that SS7 has now been deployed almost everywhere in BOC networks.

Telephone companies began introducing integrated services digital network (ISDN) capabilities on their digital switches shortly after introducing Signaling System 7. One of the attractions of ISDN is that ordinary local telephone lines (copper loops) can be used to transport data between computers at speeds higher than possible using a modem. In recent years, however, ISDN has taken a back seat to broadband technologies, such as Digital Subscriber Line (DSL) when used for this purpose.

Table 17.2 provides some additional categorization of switches. It shows line counts of switches from 1996 to 2005 for the following categories: fewer than 1,000 lines; 1,000 - 4,999 lines; 5,000 - 9,999 lines; 10,000 - 19,999 lines; and 20,000 lines or more. The table also breaks out switches based on their being in a Metropolitan Statistical Area (MSA) or not (non-MSA). Note that while Table 17.1 provides switch

counts for BOCs only, Table 17.2 provides this information for all price-cap carriers.

2. Transmission Technology

Each telephone company has a network of transmission paths interconnecting switching offices and also connecting customers to their serving local central offices. Today, wireline transmission is typically provided on fiber or copper cable, with other technologies being used only infrequently. As indicated in Table 17.3, from 1991 to 2005, the proportion of fiber cable sheath kilometers¹ in Bell Operating Company networks increased from 4% to over 13% of total cable sheath kilometers.

The number of working channels provides a rough approximation of the number of transmission paths that are in service between customers and the telephone company offices serving those customers. This includes both switched access lines and the local portion of special access and private lines. Table 17.3 shows that the number of working channels provided partly or totally on fiber in BOC networks increased from about 4% of total working channels in 1991 to about 20% in 2005.

3. Equal Access

Equal access refers to a class of service whereby all long distance service providers receive equivalent connections to the local exchange carrier's network. Where a local exchange carrier serves customers using equal-access switches, those customers can utilize their preferred long distance provider by dialing "1" plus the ten-digit telephone number they want to reach.

The conversion of lines by local exchange carriers to equal access started in 1984; by the end of 1996, over 99% of the nation's lines were served by equal access switches. A table tracing this process through time can be found in the equal-access section of the *Trends* report released in July 1998.

Despite the fact that more than 99% of the nation's customers receive equal access, there still are some central offices where equal access is not yet available. Table 17.4 shows the number of central office wire centers in each state that had been converted to equal access as of May 1, 2006. The table is derived from NECA's Tariff 4 database, which is updated by local exchange carriers. In some cases, there is a lag between an office converting to equal access and that change being reflected in the database. Thus, in some cases, the data continue to show some offices not yet converted to equal access even in states where equal access is reported to be available to all customers.

¹ Cable sheath kilometers is a measure of the length of cable used to provide telecommunications services. A sheath contains individual copper or fiber pairs used to transmit voice or data. Fiber cable sheaths typically contain 40 to 50 fiber strands while copper cable sheaths contain as many as several hundred copper pairs.

4. Rural Network Capabilities

The National Exchange Carrier Association periodically conducts a survey of over 1,000 small, mostly rural telephone companies.² The most recent survey focuses on the small companies' efforts to bring advanced services to their customers. Table 17.5 shows selected network capabilities by state of the 1,120 companies that responded to the 2006 survey. In addition to the number of switches and access lines, the table shows the percentage of companies equipped with DSL and with ATM, the number of ADSL and SDSL (and other broadband) access lines, and the percentage of central offices equipped for equal access.

5. Telecommunications Patents

One measure of developing technology is the number of U.S. patents. The U.S. Patent and Trademark Office maintains a file of over six million distinct U.S. patents granted. These patents are categorized by technology. Chart 17.1 shows the number of patents granted for telecommunications from 1990 to 2004. The information presented profiles U.S. patent activity in the general field of telecommunications. It includes all U.S. patent documents, except reissued patents, granted between January 1990 and December 31, 2004 in the following classes:

Class 370, *Multiplex Communications*

Class 375, *Pulse or Digital Communications*

Class 379, *Telephonic Communications*

Class 455, *Telecommunications*

6. Capital Expenditures

The FCC does not systematically collect information on capital expenditures from most carriers. Table 17.6 provides annual estimates of expenditures for structures and equipment for telecommunications carriers, taken from a U.S. Census Bureau survey.³ Chart 17.2 combines this expenditure data with FCC collected revenue data. It shows that for each dollar of revenue collected from end users in 2004, wireless carriers invested 25 cents in structures and equipment whereas wireline, resellers, satellite & other carriers invested 17 cents. Overall, capital expenditures were 22 cents for each dollar of end-user revenues.

² National Exchange Carrier Association (NECA), *Trends 2006 - Making Progress in Broadband*

³ U.S. Census Bureau, *Annual Capital Expenditures: 2004*, (Issued March 2006) Table 4a, <http://www.census.gov/csd/ace/>

Table 17.1
Central Office Switches and Access Lines by Technology
(Bell Operating Companies)

Year End	Total Switches	Signaling System 7 Switches		ISDN Switches		Digital Stored Program Controlled Switches	
1980	9,195	0	0.00 %	0	0.00 %	0	0.00 %
1981	9,198	0	0.00	0	0.00	24	0.26
1982	9,173	0	0.00	0	0.00	80	0.87
1983	9,156	0	0.00	0	0.00	171	1.87
1984	9,102	0	0.00	0	0.00	347	3.81
1985	9,124	0	0.00	0	0.00	860	9.43
1986	9,167	0	0.00	0	0.00	1,620	17.67
1987	9,190	29	0.32	4	0.04	2,538	27.62
1988	9,300	435	4.68	82	0.88	3,577	38.46
1989	9,338	931	9.97	179	1.92	4,403	47.15
1990	9,872	2,428	24.59	600	6.08	5,816	58.91
1991	9,951	3,670	36.88	920	9.25	6,636	66.69
1992	10,069	5,392	53.55	1,219	12.11	7,530	74.78
1993	10,089	6,688	66.29	1,874	18.57	8,239	81.66
1994	10,023	8,334	83.15	2,400	23.94	8,795	87.75
1995	10,051	8,977	89.31	2,868	28.53	9,015	89.69
1996	9,966	9,286	93.18	3,329	33.40	9,247	92.79
1997	9,965	9,688	97.22	3,902	39.16	9,417	94.50
1998	9,788	9,643	98.52	4,146	42.36	9,357	95.60
1999 ¹	9,968	9,844	98.76	4,424	44.38	9,648	96.79
2000 ²	15,092	14,837	98.31	5,413	35.87	14,889	98.65
2001	15,109	14,969	99.07	5,465	36.17	14,970	99.08
2002	14,352 ³	14,258	99.35	5,664	39.46	14,245 ³	99.25
2003	14,373	14,314	99.59	5,672	39.46	14,289	99.42
2004	14,399	14,366	99.77	5,787	40.19	14,326	99.49
2005	12,321	12,292	99.76	5,694	46.21	12,256	99.47
Access Lines Served by Type of Office (Thousands)							
Year End	All Switches	Signaling System 7 Switches		ISDN Switches		Digital Stored Program Controlled Switches	
1980	81,032	0	0.00 %	0	0.00 %	10	0.01 %
1981	82,581	0	0.00	0	0.00	57	0.07
1982	83,819	0	0.00	0	0.00	203	0.24
1983	86,186	0	0.00	0	0.00	615	0.71
1984	88,630	0	0.00	0	0.00	2,151	2.43
1985	91,455	0	0.00	0	0.00	8,145	8.91
1986	93,630	0	0.00	0	0.00	14,886	15.90
1987	96,593	1,035	1.07	12	0.01	22,946	23.76
1988	99,564	10,325	10.37	47	0.05	30,493	30.63
1989	102,684	21,917	21.34	111	0.11	38,192	37.19
1990	105,641	40,026	37.89	13,970	13.22	45,452	43.02
1991	107,388	57,321	53.38	20,567	19.15	52,061	48.48
1992	109,997	76,480	69.53	28,375	25.80	60,324	54.84
1993	113,368	92,493	81.59	39,875	35.17	71,192	62.80
1994	117,345	109,465	93.28	56,546	48.19	84,040	71.62
1995	122,266	116,568	95.34	71,274	58.29	93,172	76.20
1996	125,844	122,343	97.22	85,434	67.89	101,283	80.48
1997	131,722	130,778	0.00	95,956	72.85	110,503	83.89
1998	136,426	136,246	0.00	106,834	78.31	119,738	87.77
1999 ¹	141,763	141,685	0.00	113,999	80.42	129,838	91.59
2000 ²	160,557	160,303	0.00	132,844	82.74	153,240	95.44
2001	155,543	155,363	0.00	129,075	82.98	150,732	96.91
2002	148,292 ³	⁴	⁴	124,451	83.92	145,009 ³	97.79
2003	142,698	⁴	⁴	119,403	83.68	140,271	98.30
2004	136,057	⁴	⁴	115,561	84.94	134,076	98.54
2005	127,026	⁴	⁴	107,159	84.36	125,460	98.77

Note: Because of different sources, the data for 1989 and earlier years may not be consistent with the data for 1990 and later years

¹ Southern New England Telephone Company merged with SBC Communications October 26, 1998. Their data are included in this table starting with 1999.

² Large increase in 2000 is due to the merger of Bell Atlantic and GTE.

³ The decrease in the number of switches and their associated lines from 2001 to 2002 is partially due to the sale of a number of study areas by Verizon.

⁴ For 2002, the Commission eliminated the requirement that the Bell operating companies file electromechanical switch data. See *2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, et al., CC Docket Nos. 00-199, 99-301, 97-212, 80-286, Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286, Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286, 16 FCC Rcd 19911, 19770-72, paras. 161-165 (2001).

Sources: 1980-1989 reported in CC Docket 89-624.

1990-2005 reported in ARMIS 43-07.

Table 17.2
Switches by Metropolitan Statistical Area (MSA) and Non-MSA
And Switches by Line Counts

Year	Total Switches MSA	Total Switches Non-MSA	Total Switches MSA and Non-MSA	Switches with Under 1,000 Lines	Switches with 1,000 - 4,999 Lines	Switches with 5,000 - 9,999 Lines	Switches with 10,000 - 19,999 Lines	Switches with 20,000 or More Lines
1996	8,711	7,426	16,137	4,594	5,758	1,770	1,431	2,584
1997	9,138	7,199	16,337	4,476	5,843	1,786	1,518	2,714
1998	9,011	7,492	16,503	4,374	6,027	1,821	1,527	2,754
1999	9,165	7,452	16,617	4,319	5,898	1,915	1,613	2,873
2000	9,058	6,340	15,398	3,472	5,538	1,869	1,632	2,888
2001	8,996	6,377	15,373	3,402	5,481	1,873	1,678	2,938
2002	9,181	6,336	15,517	3,618	5,610	1,857	1,645	2,787
2003	9,251	6,406	15,657	3,685	5,702	1,885	1,706	2,679
2004	9,284	6,214	15,498	3,754	5,697	1,871	1,679	2,497
2005	9,064	5,602	14,666	3,380	5,310	1,886	1,719	2,371

Notes: The number of switches in Table 17.2 differs from Tables 17.1. Table 17.1 is derived from the ARMIS 43-07, which is filed by the regional Bell operating companies. Table 17.2 is derived from the ARMIS 43-05, which is filed by incumbent local exchange carriers subject to price-cap regulation. The decline in switches between 2004 and 2005 is primarily due to Verizon GTE reporting substantially fewer switches in 2005 than in 2004. Verizon attributes its 2005 reduction in local switches to Verizon GTE's change in data sources from financial to operations databases, which the company expects will provide more timely information.

Table 17.3
Local Transmission Technology
(Bell Operating Companies)
Cable Sheath Kilometers

Year End	Total	Copper		Fiber		Other	
1991	4,163,640	3,955,622	95.0 %	196,791	4.7 %	11,228	0.3 %
1992	4,214,804	3,965,406	94.1	238,406	5.7	10,994	0.3
1993	4,264,569	3,976,100	93.2	280,017	6.6	8,450	0.2
1994	4,256,253	3,934,243	92.4	314,660	7.4	7,350	0.2
1995	4,319,068	3,960,343	91.7	351,907	8.1	6,819	0.2
1996	4,339,067	3,947,238	91.0	386,011	8.9	5,819	0.1
1997	4,396,205	3,974,204	90.4	416,105	9.5	5,896	0.1
1998	4,473,351	4,009,772	89.6	449,554	10.0	14,026	0.3
1999 ¹	4,608,808	4,103,657	89.0	491,478	10.7	13,672	0.3
2000 ²	5,761,869	5,132,364	89.1	613,646	10.7	15,860	0.3
2001	5,848,516	5,166,537	88.3	665,805	11.4	16,174	0.3
2002	5,791,105	5,086,669	87.8	692,031	11.9	12,406	0.2
2003	5,851,790	5,118,314	87.5	720,877	12.3	12,600	0.2
2004	5,942,045	5,166,481	86.9	763,132	12.8	12,433	0.2
2005	5,990,163	5,166,382	86.2	811,896	13.6	11,884	0.2

Working Telecommunications Channels
(Thousands)

Year End	Total	Copper		Fiber		Radio	
1991	118,654	114,047	96.1	4,605	3.9	2.3	0.0
1992	120,848	114,609	94.8	6,238	5.2	1.0	0.0
1993	124,191	115,496	93.0	8,694	7.0	1.4	0.0
1994	130,192	118,437	91.0	11,755	9.0	0.3	0.0
1995	136,231	122,975	90.3	13,255	9.7	0.3	0.0
1996	142,824	125,595	87.9	17,228	12.1	1.0	0.0
1997	149,429	128,436	86.0	20,992	14.0	0.3	0.0
1998	172,916	134,629	77.9	38,286	22.1	0.3	0.0
1999 ¹	186,387	138,691	74.4	47,696	25.6	0.0	0.0
2000 ²	218,928	157,840	72.1	61,086	27.9	2.0	0.0
2001	228,705	152,441	66.7	76,263	33.3	2.0	0.0
2002 ³	169,157	137,228	81.1	31,927	18.9	1.0	0.0
2003	158,890	127,652	80.3	31,237	19.7	1.0	0.0
2004	148,255	117,320	79.1	30,935	20.9	0.1	0.0
2005	137,254	110,033	80.2	27,221	19.8	0.1	0.0

Note: Working Channels are reported in 4 kHz bandwidth (single-voice channel) equivalents.

¹ Southern New England Telephone Company merged with SBC Communications October 26, 1998. Their data are included in this table starting with 1999.

² Large increase in 2000 is due to the merger of Bell Atlantic and GTE.

³ The large decrease from 2001 to 2002 is due in part to a number of Verizon companies refileing in order to remove interexchange carrier, point-of-presence, and co-location circuit counts to comply with ARMIS definitions.

Source: ARMIS 43-07 report.

Table 17.4
Central Offices Converted to Equal Access 1/
(As of May 1, 2006)

	Bell Company Central Offices			Other ILEC Central Offices			CLEC Central Offices			All Central Offices	
	Equal Access	Non-Equal Access	% Equal Access	Equal Access	Non-Equal Access	% Equal Access	Equal Access	Non-Equal Access	% Equal Access	Total Offices	% Equal Access
Alabama	147	0	100.0 %	221	0	100.0 %	35	0	100.0 %	403	100.0 %
Alaska	0	0	NA	84	170	33.1	0	0	NA	254	33.1
American Samoa	0	0	NA	0	4	0.0	0	0	NA	4	0.0
Arizona	146	0	100.0	103	5	95.4	37	1	97.4	292	97.9
Arkansas	136	0	100.0	281	2	99.3	27	3	90.0	449	98.9
California	904	2	99.8	89	1	98.9	206	3	98.6	1,205	99.5
Colorado	165	1	99.4	95	5	95.0	37	0	100.0	303	98.0
Connecticut	126	0	100.0	2	0	100.0	21	0	100.0	149	100.0
Delaware	33	0	100.0	0	0	NA	4	0	100.0	37	100.0
District of Columbia	18	0	100.0	0	0	NA	22	0	100.0	40	100.0
Florida	291	0	100.0	177	0	100.0	228	0	100.0	696	100.0
Georgia	182	0	100.0	244	1	99.6	74	0	100.0	501	99.8
Guam	0	0	NA	3	0	100.0	0	0	NA	3	100.0
Hawaii	0	0	NA	92	0	100.0	8	0	100.0	100	100.0
Idaho	97	0	100.0	85	0	100.0	9	0	100.0	191	100.0
Illinois	697	4	99.4	325	7	97.9	60	2	96.8	1,095	98.8
Indiana	387	2	99.5	187	0	100.0	45	1	97.8	622	99.5
Iowa	135	0	100.0	676	0	100.0	52	0	100.0	863	100.0
Kansas	171	2	98.8	288	4	98.6	26	1	96.3	492	98.6
Kentucky	179	0	100.0	403	0	100.0	27	0	100.0	609	100.0
Louisiana	229	0	100.0	93	0	100.0	36	0	100.0	358	100.0
Maine	143	1	99.3	107	8	93.0	3	0	100.0	262	96.6
Maryland	214	0	100.0	1	0	100.0	32	0	100.0	247	100.0
Massachusetts	274	2	99.3	3	0	100.0	38	0	100.0	317	99.4
Michigan	541	7	98.7	169	0	100.0	55	0	100.0	772	99.1
Minnesota	156	0	100.0	565	4	99.3	115	0	100.0	840	99.5
Mississippi	205	0	100.0	70	0	100.0	22	0	100.0	297	100.0
Missouri	215	3	98.6	460	22	95.4	50	0	100.0	750	96.7
Montana	76	0	100.0	198	1	99.5	20	0	100.0	295	99.7
Nebraska	69	0	100.0	388	0	100.0	19	0	100.0	476	100.0
Nevada	55	0	100.0	61	3	95.3	14	0	100.0	133	97.7
New Hampshire	125	1	99.2	31	1	96.9	8	0	100.0	166	98.8
New Jersey	208	0	100.0	28	0	100.0	45	0	100.0	281	100.0
New Mexico	65	0	100.0	88	34	72.1	9	0	100.0	196	82.7
New York	526	1	99.8	301	7	97.7	103	0	100.0	938	99.1
North Carolina	183	0	100.0	545	1	99.8	103	0	100.0	832	99.9
North Dakota	27	0	100.0	264	19	93.3	15	0	100.0	325	94.2
Ohio	489	19	96.3	340	4	98.8	90	1	98.9	943	97.5
Oklahoma	208	2	99.0	288	19	93.8	25	1	96.2	543	95.9
Oregon	136	0	100.0	151	0	100.0	32	0	100.0	319	100.0
Pennsylvania	506	0	100.0	418	31	93.1	91	0	100.0	1,046	97.0
Puerto Rico	0	0	NA	86	0	100.0	2	0	100.0	88	100.0
Rhode Island	30	0	100.0	0	0	NA	6	0	100.0	36	100.0
South Carolina	158	0	100.0	257	0	100.0	50	0	100.0	465	100.0
South Dakota	42	0	100.0	202	7	96.7	9	0	100.0	260	97.3
Tennessee	196	0	100.0	483	0	100.0	48	1	98.0	728	99.9
Texas	796	2	99.7	691	10	98.6	214	5	97.7	1,718	99.0
Utah	64	0	100.0	94	4	95.9	13	0	100.0	175	97.7
Vermont	90	2	97.8	37	0	100.0	1	0	100.0	130	98.5
Virgin Islands	0	0	NA	5	0	100.0	0	0	NA	5	100.0
Virginia	326	0	100.0	254	7	97.3	62	0	100.0	649	98.9
Washington	219	0	100.0	141	2	98.6	44	0	100.0	406	99.5
West Virginia	145	0	100.0	86	6	93.5	2	0	100.0	239	97.5
Wisconsin	225	4	98.3	409	0	100.0	53	0	100.0	691	99.4
Wyoming	26	0	100.0	34	24	58.6	3	0	100	87	72.4
Total United States	10,781	55	99.5 %	10,703	413	96.3 %	2,350	19	99.2 %	24,321	98.0 %

NA - Not applicable.

1/ Some companies do not report information on their remote switches in Tariff No. 4. As a result, central office counts may be lower than reported in other sources.

Source: NECA FCC Tariff No. 4 database.

Table 17.5

Broadband Capabilities of NECA's 2006 Rural Incumbent LEC Survey Respondents

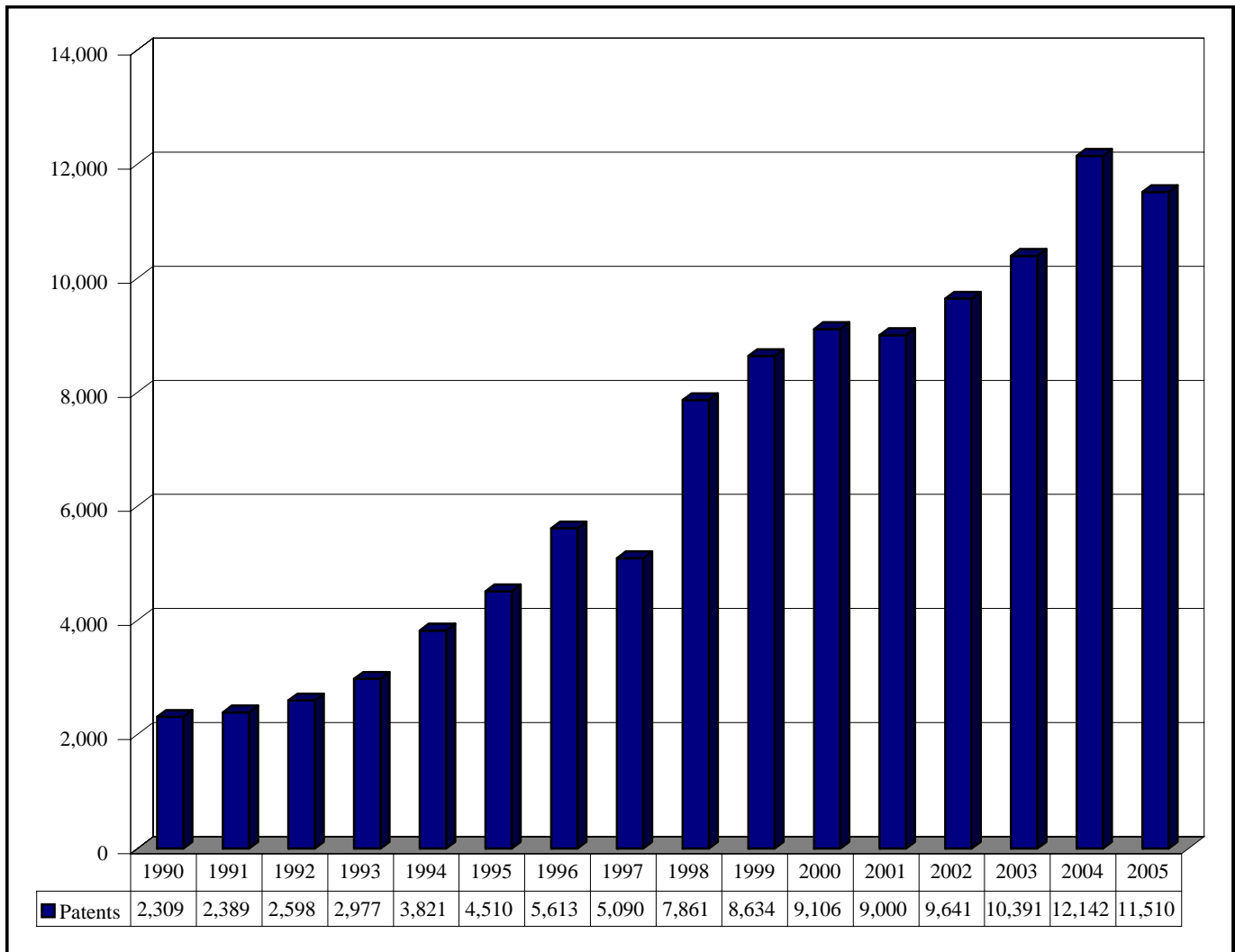
Jurisdiction	Companies	Switches	Access Lines	Companies Equipped with DSL	ADSL Access Lines	SDSL & other Broadband Access Lines	Companies Providing ATM Service	Central Offices Equipped for Equal Access [§]
Alabama	21	82	114,870	95 %	8,655	3,797	29 %	99 %
Alaska	24	238	236,712	88	30,621	7,080	17	50
Arizona	12	54	39,119	75	953	n/a	8	100
American Samoa	1	4	10,244	100	*	*	*	100
Arkansas	26	242	322,931	92	19,321	331	38	100
California	14	44	85,167	93	7,630	1	36	98
Colorado	25	44	48,099	88	3,489	744	16	98
Connecticut	1	14	24,462	100	*	*	*	100
Florida	6	13	77,254	100	9,494	n/a	25	100
Georgia	28	104	307,750	89	50,182	1,751	14	97
Guam	1	18	63,770	100	*	*	*	100
Hawaii	1	8	1,370	100	*	*	*	100
Idaho	15	58	42,967	93	1,571	93	20	100
Illinois	27	73	41,009	81	4,970	1,727	22	100
Indiana	34	81	120,499	88	15,042	1,326	29	100
Iowa	139	297	200,616	97	21,389	3,148	7	99
Kansas	31	167	103,222	100	20,084	3,596	26	99
Kentucky	13	270	137,746	100	8,310	3,217	38	100
Louisiana	18	101	136,281	89	11,232	n/a	62	99
Maine	19	105	138,667	100	11,888	199	26	100
Maryland	1	1	7,287	100	*	*	*	100
Massachusetts	2	3	3,856	100	427	n/a	0	100
Michigan	31	98	98,380	90	7,633	414	23	99
Minnesota	80	327	318,835	83	24,938	6,416	13	100
Mississippi	17	69	79,619	82	4,024	52	50	94
Missouri	35	291	228,001	97	12,797	505	54	98
Montana	14	195	95,575	100	8,176	n/a	43	100
Nebraska	31	120	57,083	100	6,631	2,355	13	100
Nevada	7	23	32,360	86	4,269	11	50	100
New Hampshire	9	31	55,127	100	8,357	n/a	56	100
New Mexico	12	78	42,862	100	3,513	157	42	99
New York	30	84	156,560	100	12,356	1,389	24	99
North Carolina	16	254	363,535	100	22,373	12,162	44	100
North Dakota	20	219	144,958	100	16,974	4,693	35	99
Ohio	34	74	196,333	85	22,842	1,883	18	100
Oklahoma	35	281	193,867	89	36,405	167	31	99
Oregon	27	53	76,314	85	12,052	132	7	100
Pennsylvania	21	611	541,510	100	14,528	133	19	100
South Carolina	13	183	110,272	100	9,972	2	38	100
South Dakota	27	178	127,989	85	5,905	1,443	22	100
Tennessee	20	435	326,380	100	24,552	n/a	55	100
Texas	46	346	274,770	98	27,683	1,357	30	98
Utah	10	51	69,184	100	6,015	158	20	100
Vermont	9	40	63,497	100	9,160	154	56	100
Virginia	15	164	78,872	93	7,338	472	27	98
Washington	18	31	79,713	100	10,994	42	28	100
West Virginia	6	13	16,316	100	1,430	310	0	100
Wisconsin	73	347	503,543	84	25,785	8,044	30	100
Wyoming	5	25	24,725	83	3,315	130	20	96
Totals	1,120	6,642	6,620,078	94 %	581,921	74,790	29 %	98 %

[§] Equal access gives customers a choice of long distance carrier. Although not a new service, NECA continues to track progress toward the goal of 100% equal access capability.

* Individual data withheld to maintain company confidentiality. All data included in totals.

Source: National Exchange Carrier Association "Trends 2006 - Making Progress in Broadband", a survey of more than 1,000 small, mostly rural telephone companies.

**Chart 17.1
Telecommunications Patents**



Note: 1996 total reflects one-time change in law affecting patents.

Source: U.S. Patent and Trademark Office, *Patent Counts by Class by Year, January 1977 - December 2005*, Telecommunications Classes 370, 375, 379 and 455, (September 2006), available at <http://www.uspto.gov/go/taf/cbcby.pdf>.

Table 17.6
Capital Expenditures for Structures and Equipment 1/
(Expenditure Amounts Shown in Millions)

Industry 2/	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Wireline Telecommunications Carriers										
Expenditures for Structures										
New				\$10,652	3/	\$18,021	\$14,482	\$7,820	\$9,825	3/
Used				<u>12</u>	<u>3/</u>	<u>205</u>	<u>18</u>	<u>1</u>	<u>52</u>	<u>3/</u>
Total				10,664	17,309	18,226	14,500	7,821	9,877	6,118
Expenditures for Equipment										
New				39,828	3/	55,902	57,436	26,986	16,918	3/
Used				<u>78</u>	<u>3/</u>	<u>77</u>	<u>38</u>	<u>12</u>	<u>41</u>	<u>3/</u>
Total				<u>39,905</u>	<u>42,442</u>	<u>55,980</u>	<u>57,474</u>	<u>26,998</u>	<u>16,959</u>	<u>15,922</u>
Total Expenditures for Structures and Equipment				\$50,570	\$59,752	\$74,206	\$71,974	\$34,819	\$26,836	\$24,020
Wireless Telecommunications Carriers (Except Satellite)										
Expenditures for Structures										
New				\$2,387	\$5,026	\$7,674	\$11,313	\$8,245	\$11,512	\$11,685
Used				*	<u>3</u>	<u>58</u>	<u>8</u>	<u>7</u>	<u>2</u>	<u>31</u>
Total				2,387	5,030	7,732	11,321	8,252	11,514	11,716
Expenditures for Equipment										
New				5,841	9,350	17,589	12,695	12,210	9,459	12,278
Used				<u>6</u>	<u>43</u>	<u>161</u>	<u>13</u>	<u>29</u>	<u>16</u>	<u>4</u>
Total				<u>5,841</u>	<u>9,393</u>	<u>17,750</u>	<u>12,708</u>	<u>12,238</u>	<u>9,475</u>	<u>12,282</u>
Total Expenditures for Structures and Equipment				\$8,228	\$14,422	\$25,482	\$24,028	\$20,490	\$20,989	\$23,998
Telecommunications Resellers, Satellite, and Other Telecommunications										
Expenditures for Structures										
New				\$2,089	\$1,410	\$1,951	\$2,233	\$1,556	\$3,499	\$397
Used				*	<u>4</u>	<u>3</u>	<u>5</u>	<u>3</u>	<u>133</u>	<u>6</u>
Total				2,089	1,414	1,954	2,238	1,560	3,632	403
Expenditures for Equipment										
New				4,188	8,795	11,495	7,288	4,119	809	3,095
Used				<u>4</u>	<u>49</u>	<u>164</u>	<u>78</u>	<u>12</u>	<u>96</u>	<u>22</u>
Total				<u>4,192</u>	<u>8,845</u>	<u>11,659</u>	<u>7,367</u>	<u>4,131</u>	<u>905</u>	<u>3,117</u>
Total Expenditures for Structures and Equipment				\$6,281	\$10,259	\$13,613	\$9,605	\$5,691	\$4,337	\$3,520
Telephone and Other Communications Services										
Expenditures for Structures										
New	\$6,545	\$9,193	\$9,672	\$15,128	3/	\$27,646	\$28,028	\$17,621	\$24,836	\$12,082
Used	<u>263</u>	<u>185</u>	<u>218</u>	<u>12</u>	<u>3/</u>	<u>266</u>	<u>31</u>	<u>11</u>	<u>187</u>	<u>37</u>
Total	6,809	9,378	9,890	15,140	23,753	27,912	28,059	17,633	25,023	18,237
Expenditures for Equipment										
New	30,802	37,985	46,667	49,857	3/	84,986	77,419	43,315	27,186	15,373
Used	<u>138</u>	<u>299</u>	<u>406</u>	<u>88</u>	<u>3/</u>	<u>402</u>	<u>129</u>	<u>53</u>	<u>153</u>	<u>26</u>
Total	<u>30,939</u>	<u>38,283</u>	<u>47,074</u>	<u>49,938</u>	<u>60,680</u>	<u>85,389</u>	<u>77,549</u>	<u>43,367</u>	<u>27,339</u>	<u>31,321</u>
Total Expenditures for Structures and Equipment	\$37,799	\$47,661	\$56,963	\$65,079	\$84,433	\$113,301	\$105,607	\$61,000	\$52,162	\$51,538

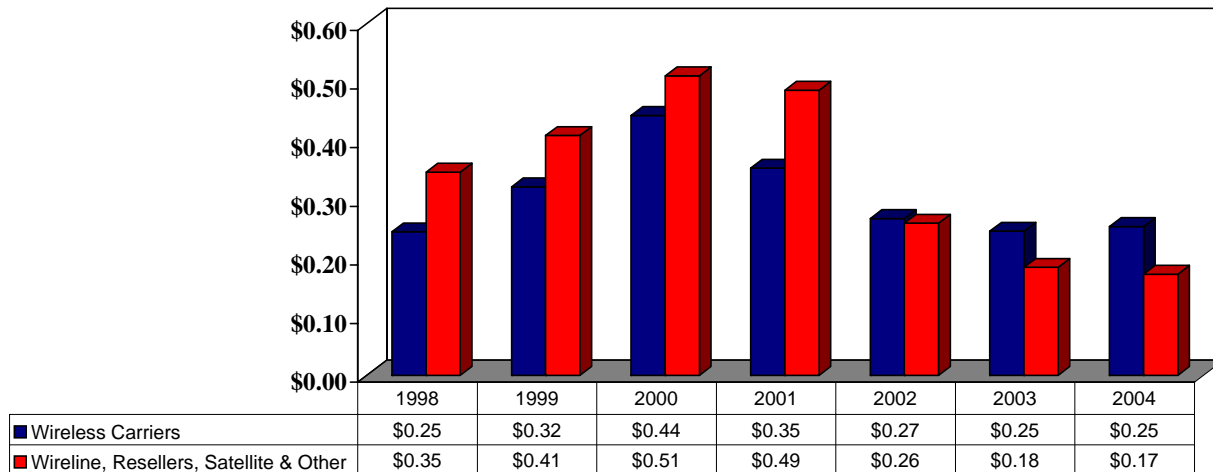
Note: Detail may not add to totals shown due to rounding.

* Represents amounts greater than \$0 but less than \$500,000.

- 1/ Capital expenditures include capitalized computer software, capitalized interest during construction and expenditures for land development and improvement. Capital expenditures exclude equipment acquired under operating leases, good will and expenditures for subsidiaries and branches located outside the United States.
- 2/ For 1995 through 1997, data represent Standard Industrial Classification (SIC) industries 481, 482, and 489. Starting in 1998, data are based on the North American Industry Classification System (NAICS). NAICS Codes are 51331 for Wireline 51332 for Wireless and 51333, 51334 and 51339 for others. For 2004 they are 5171, 5172, and 5173, 5174, and 5179, respectively.
- 3/ Data withheld by the Census Bureau to maintain firm confidentiality

Source: U.S. Census Bureau, *Annual Capital Expenditures*, (Issued March 2006) Table 4a. See: <http://www.census.gov/csd/ace/>

Chart 17.2
Capital Expenditures for Structures and Equipment by Carriers
Per Dollar of End-User Telecommunications Revenues¹



¹ Capital expenditures per dollar of end-user telecommunications revenues are derived by dividing expenditures figures in Table 17.6 by end-user revenues data in Table 15.1. Wireline, Reseller, Satellite & Other end-user revenues are calculated by subtracting wireless end-user revenues from total end-user revenues.

Source: U.S. Census Bureau, *Annual Capital Expenditures*; Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006).

18 Telephone Numbers

In 1994, many area codes were nearing exhaustion as demand for telephone numbers continued to rise. At the time, the middle digit of all area codes was either a 0 or a 1, and the supply of those area codes was dwindling. On January 1, 1995, the restriction on the middle digit was removed, making 640 new area codes available. New area codes were added at a rapid rate during the late 1990s, with forty-four new area codes being opened in 1997 alone. Subsequent years saw fewer added area codes. In 2000, thirteen area codes were added, and in 2005 two area codes were added. The North American Numbering Plan Administration (NANPA) (which is part of NeuStar, Inc.) expects to open four new area codes in 2006. The above counts of area code activation are for the contiguous United States, offshore points, Canada, and the Caribbean. Table 18.1 shows historical area code information by state from 1947 to 2006. The changes in area codes from 1999 to 2006 are shown in Table 18.2.

AT&T introduced toll-free service in 1967. The Commission changed procedures for routing toll-free calls on May 1, 1993 to make toll-free numbers "portable." This change enabled customers to switch service providers yet still retain their toll-free numbers. Between 1993 and 2000, the quantity of assigned toll-free numbers grew rapidly: growing from 3.9 million in 1993 to 24.2 million in 2000. New toll-free calling codes were opened to meet the demand. In March 1996, calling code 888 was placed into service. The third toll-free calling code (877) went into effect April 4, 1998, and the fourth toll-free calling code (866) went into effect July 29, 2000. The growth of toll-free telephone numbers for the four toll-free codes (800, 888, 877, and 866) is shown in Table 18.3 and Chart 18.1. Tables 18.4 through 18.7 show the growth of each individual toll-free code: 800, 888, 877, and 866, respectively. In the event that another toll-free code is needed, the 855 code would be opened. Database Service Management, Inc./Team DSMI, a subsidiary of Telcordia Technologies, Inc., maintains the Toll-Free Service Management System for the United States and Canada.

Dialing patterns differ from state to state. For instance, in some states, callers making local calls within an area code are required to dial only the 7-digit phone number. In other states, callers making local calls must dial the ten-digit phone number (area code plus the phone number). Finally, in some states, local callers must dial a "1" before dialing the area code plus the phone number. Each state's public utilities commission (or public service commission) determines the calling pattern for each area code in their state. The dialing patterns for area codes are listed in area code planning letters, which are available on the North American Numbering Plan Administrator's web site at www.nanpa.com.

For both local and domestic toll calls, there are two basic types of calls: those within an area code and those between area codes. Table 18.8 shows the dialing patterns for all four types of calls. The last column of Table 18.8 indicates whether all toll calls in that state require callers to dial a "1" before the telephone number.

Table 18.1
Area Codes by State
(1947 - 2006)

Area Code	State/Jurisdiction	Area Code Opened	Area Code	State/ Jurisdiction	Area Code Opened	Area Code	State/ Jurisdiction	Area Code Opened	Area Code	State/ Jurisdiction	Area Code Opened
205	Alabama	Jan-47	478	Georgia	Aug-00	952	Minnesota	Feb-00	724	Pennsylvania	Feb-98
334	Alabama	Jan-95	762	Georgia	May-06	601	Mississippi	Jan-47	570	Pennsylvania	Dec-98
256	Alabama	Mar-98	671	Guam	Jul-97	228	Mississippi	Sep-97	484	Pennsylvania	Jun-99
251	Alabama	Jun-01	808	Hawaii	Jan-57	662	Mississippi	Apr-99	267	Pennsylvania	Jul-99
907	Alaska	Jan-57	208	Idaho	Jan-47	769	Mississippi	Mar-05	878	Pennsylvania	Aug-01
602	Arizona	Jan-47	217	Illinois	Jan-47	314	Missouri	Jan-47	787	Puerto Rico	Mar-96
520	Arizona	Mar-95	312	Illinois	Jan-47	816	Missouri	Jan-47	939	Puerto Rico	Sep-01
480	Arizona	Mar-99	618	Illinois	Jan-47	417	Missouri	Jan-50	401	Rhode Island	Jan-47
623	Arizona	Mar-99	815	Illinois	Jan-47	573	Missouri	Jan-96	803	South Carolina	Jan-47
928	Arizona	Jun-01	309	Illinois	Jan-57	660	Missouri	Oct-97	864	South Carolina	Dec-95
501	Arkansas	Jan-47	708	Illinois	Nov-89	636	Missouri	May-99	843	South Carolina	Mar-98
870	Arkansas	Apr-97	847	Illinois	Jan-96	406	Montana	Jan-47	605	South Dakota	Jan-47
479	Arkansas	Jan-02	630	Illinois	Aug-96	402	Nebraska	Jan-47	901	Tennessee	Jan-47
213	California	Jan-47	773	Illinois	Oct-96	308	Nebraska	Jan-55	615	Tennessee	Jan-54
415	California	Jan-47	224	Illinois	Jan-02	702	Nevada	Jan-47	423	Tennessee	Sep-95
916	California	Jan-47	219	Indiana	Jan-47	775	Nevada	Dec-98	931	Tennessee	Sep-97
714	California	Jan-51	317	Indiana	Jan-47	603	New Hampshire	Jan-47	865	Tennessee	Nov-99
805	California	Jan-57	812	Indiana	Jan-47	201	New Jersey	Jan-47	731	Tennessee	Feb-01
209	California	Jan-58	765	Indiana	Feb-97	609	New Jersey	Jan-57	214	Texas	Jan-47
408	California	Jan-59	260	Indiana	Jan-02	908	New Jersey	Nov-90	512	Texas	Jan-47
707	California	Jan-59	574	Indiana	Jan-02	732	New Jersey	Jun-97	713	Texas	Jan-47
619	California	Jan-82	319	Iowa	Jan-47	973	New Jersey	Jun-97	915	Texas	Jan-47
818	California	Jan-84	515	Iowa	Jan-47	856	New Jersey	Jun-99	817	Texas	Jan-53
510	California	Sep-91	712	Iowa	Jan-47	551	New Jersey	Dec-01	806	Texas	Jan-57
310	California	Nov-91	641	Iowa	Jul-00	848	New Jersey	Dec-01	409	Texas	Nov-82
909	California	Nov-92	563	Iowa	Mar-01	862	New Jersey	Dec-01	903	Texas	Nov-90
562	California	Jan-97	316	Kansas	Jan-47	505	New Mexico	Jan-47	210	Texas	Nov-92
760	California	Mar-97	913	Kansas	Jan-47	212	New York	Jan-47	972	Texas	Sep-96
626	California	Jun-97	785	Kansas	Jul-97	315	New York	Jan-47	281	Texas	Nov-96
650	California	Aug-97	620	Kansas	Feb-01	518	New York	Jan-47	254	Texas	May-97
530	California	Nov-97	502	Kentucky	Jan-47	716	New York	Jan-47	940	Texas	May-97
925	California	Mar-98	606	Kentucky	Jan-55	914	New York	Jan-47	830	Texas	Jul-97
949	California	Apr-98	270	Kentucky	Apr-99	516	New York	Jan-51	956	Texas	Jul-97
323	California	Jun-98	859	Kentucky	Apr-00	607	New York	Jan-54	832	Texas	Jan-99
831	California	Jul-98	504	Louisiana	Jan-47	718	New York	Sep-84	361	Texas	Feb-99
559	California	Nov-98	318	Louisiana	Jan-57	917	New York	Jan-92	469	Texas	Jul-99
661	California	Feb-99	225	Louisiana	Aug-98	646	New York	Jul-99	936	Texas	Feb-00
858	California	Jun-99	337	Louisiana	Oct-99	347	New York	Oct-99	979	Texas	Feb-00
951	California	Jul-04	985	Louisiana	Feb-01	631	New York	Nov-99	682	Texas	Oct-00
424	California	Aug-06	207	Maine	Jan-47	845	New York	Jun-00	430	Texas	Feb-03
303	Colorado	Jan-47	301	Maryland	Jan-47	585	New York	Nov-01	325	Texas	Apr-03
719	Colorado	Mar-88	410	Maryland	Oct-91	704	North Carolina	Jan-47	432	Texas	Apr-03
970	Colorado	Apr-95	240	Maryland	Jun-97	919	North Carolina	Jan-54	340	US Virgin Islands	Jun-97
720	Colorado	Jan-98	443	Maryland	Jun-97	910	North Carolina	Nov-93	801	Utah	Jan-47
203	Connecticut	Jan-47	413	Massachusetts	Jan-47	336	North Carolina	Dec-97	435	Utah	Sep-97
860	Connecticut	Aug-95	617	Massachusetts	Jan-47	252	North Carolina	Mar-98	802	Vermont	Jan-47
302	Delaware	Jan-47	508	Massachusetts	Jul-88	828	North Carolina	Mar-98	703	Virginia	Jan-47
202	District of Columbia	Jan-47	781	Massachusetts	Sep-97	980	North Carolina	Apr-01	804	Virginia	Jun-73
305	Florida	Jan-47	978	Massachusetts	Sep-97	701	North Dakota	Jan-47	540	Virginia	Jul-95
813	Florida	Jan-53	339	Massachusetts	May-01	670	Northern Marianas Is.	Jul-97	757	Virginia	Jul-96
904	Florida	Jul-65	351	Massachusetts	May-01	216	Ohio	Jan-47	571	Virginia	Mar-00
407	Florida	Apr-88	774	Massachusetts	May-01	419	Ohio	Jan-47	434	Virginia	Jun-01
941	Florida	May-95	857	Massachusetts	May-01	513	Ohio	Jan-47	276	Virginia	Sep-01
954	Florida	Sep-95	313	Michigan	Jan-47	614	Ohio	Jan-47	206	Washington	Jan-47
352	Florida	Dec-95	517	Michigan	Jan-47	330	Ohio	Mar-96	509	Washington	Jan-57
561	Florida	May-96	616	Michigan	Jan-47	937	Ohio	Sep-96	360	Washington	Jan-95
850	Florida	Jun-97	906	Michigan	Jan-61	440	Ohio	Aug-97	253	Washington	Apr-97
786	Florida	Mar-98	810	Michigan	Dec-93	740	Ohio	Dec-97	425	Washington	Apr-97
727	Florida	Jul-98	248	Michigan	May-97	234	Ohio	Oct-00	304	West Virginia	Jan-47
863	Florida	Sep-99	734	Michigan	Dec-97	567	Ohio	Jan-02	414	Wisconsin	Jan-47
321	Florida	Nov-99	231	Michigan	Jun-99	405	Oklahoma	Jan-47	715	Wisconsin	Jan-47
386	Florida	Feb-01	989	Michigan	Apr-01	918	Oklahoma	Jan-53	608	Wisconsin	Jan-55
754	Florida	Aug-01	586	Michigan	Sep-01	580	Oklahoma	Nov-97	920	Wisconsin	Jul-97
772	Florida	Feb-02	269	Michigan	Jul-02	503	Oregon	Jan-47	262	Wisconsin	Sep-99
239	Florida	Mar-02	947	Michigan	Sep-02	541	Oregon	Nov-95	307	Wyoming	Jan-47
404	Georgia	Jan-47	218	Minnesota	Jan-47	971	Oregon	Oct-00			
912	Georgia	Jan-54	612	Minnesota	Jan-47	215	Pennsylvania	Jan-47			
706	Georgia	May-92	507	Minnesota	Jan-54	412	Pennsylvania	Jan-47			
770	Georgia	Aug-95	320	Minnesota	Mar-96	717	Pennsylvania	Jan-47			
678	Georgia	Jan-98	651	Minnesota	Jul-98	814	Pennsylvania	Jan-47			
229	Georgia	Aug-00	763	Minnesota	Feb-00	610	Pennsylvania	Jan-94			

Source: North American Numbering Plan Administrator.

Table 18.2
Area Code Assignments
(1999-2006)

Location	Date	Previous Code	Added Code
Texas (Houston)	Jan-99	713	832
California	Feb-99	805	661
Texas	Feb-99	512	361
Arizona	Mar-99	602	480
Arizona	Mar-99	602	623
Kentucky	Apr-99	502	270
Mississippi	Apr-99	601	662
Alberta	May-99	403	780
Missouri	May-99	314	636
Michigan	Jun-99	616	231
Pennsylvania	Jun-99	610	484
California	Jun-99	619	858
New Jersey	Jun-99	609	856
New York (Manhattan)	Jul-99	212	646
Pennsylvania	Jul-99	215	267
Texas (Dallas)	Jul-99	214	469
Florida	Sep-99	941	863
Wisconsin	Sep-99	414	262
New York	Oct-99	718	347
Louisiana	Oct-99	318	337
Florida	Nov-99	407	321
New York	Nov-99	516	631
Tennessee	Nov-99	423	865
Texas	Feb-00	409	936
Texas	Feb-00	409	979
Minnesota	Feb-00	612	763
Minnesota	Feb-00	612	952
Virginia	Mar-00	703	571
Kentucky	Apr-00	606	859
New York	Jun-00	914	845
Iowa	Jul-00	515	641
Georgia	Aug-00	912	229
Georgia	Aug-00	912	478
Oregon	Oct-00	503	971
Texas	Oct-00	817	682
Ohio	Oct-00	330	234
Kansas	Feb-01	316	620
Louisiana	Feb-01	504	985
Tennessee	Feb-01	901	731
Florida	Feb-01	904	386
Ontario	Mar-01	416	647
Iowa	Mar-01	319	563
North Carolina	Apr-01	704	980
Michigan	Apr-01	517	989
Massachusetts	May-01	508	774

Table 18.2
Area Code Assignments -- Continued
(1999-2006)

Location	Date	Previous Code	Added Code
Massachusetts	May-01	617	857
Massachusetts	May-01	781	339
Massachusetts	May-01	978	351
Virginia	Jun-01	804	434
Ontario	Jun-01	905	289
Alabama	Jun-01	334	251
Arizona	Jun-01	520	928
Florida	Aug-01	954	754
Pennsylvania	Aug-01	412	878
Virginia	Sep-01	540	276
Puerto Rico	Sep-01	787	939
Michigan	Sep-01	810	586
British Columbia	Nov-01	604	778
New York	Nov-01	716	585
New Jersey	Dec-01	201	551
New Jersey	Dec-01	732	848
New Jersey	Dec-01	973	862
Ohio	Jan-02	419	567
Illinois	Jan-02	847	224
Indiana	Jan-02	219	260
Indiana	Jan-02	219	574
Arkansas	Jan-02	501	479
Florida	Feb-02	561	772
Florida	Mar-02	941	239
Michigan	Jul-02	616	269
Michigan	Sep-02	248	947
Texas	Feb-03	903	430
Texas	Apr-03	915	325
Texas	Apr-03	915	432
California	Jul-04	909	951
Mississippi	Mar-05	601	769
Dominican Republic	Aug-05	809	829
Georgia	May-06	706	762
California	Aug-06	310	424
Ontario	Oct-06	519	226
Quebec	Nov-06	514	438

NA - Not applicable.

Note: For years 1984 - 1998, see Industry Analysis Division, Wireline Competition Bureau, *Trends in Telephone Service* (August 2003).

Source: North American Numbering Plan Administrator (NANPA), which can be accessed at www.nanpa.com.

Table 18.3

Telephone Numbers Assigned for Toll-Free Service (800, 888, 877, 866)

Year	Month	Working Numbers	Miscellaneous Numbers ¹	Total Numbers	Spare Numbers Still Available
1993	December	3,155,955	731,438	3,887,393	3,822,607
1994	December	4,948,605	763,235	5,711,840	1,998,160
1995	December	6,700,576	286,487	6,987,063	722,937
1996	December	9,527,982	945,671	10,473,653	5,216,347
1997	December	12,980,714	996,449	13,977,163	1,712,837
1998	December	16,200,883	965,466	17,166,349	6,503,651
1999	December	19,677,001	1,101,964	20,778,965	2,891,035
2000	December	23,022,015	1,178,096	24,200,111	7,449,889
2001	December	23,453,029	1,027,973	24,481,002	7,168,998
2002	December	22,496,215	1,051,232	23,547,447	8,102,553
2003	December	21,108,662	941,520	22,050,182	9,599,818
2004	December	22,159,440	1,145,661	23,305,101	8,344,899
2005	December	22,474,643	957,835	23,432,478	8,217,522
2006	June	22,292,943	1,113,803	23,406,746	8,243,254

Note: For individual month assignments through June 2003, see Industry Analysis and Technology Division, Wireline Competition Bureau, *Trends in Telephone Service* (August 2003).

* Toll-free (800) service was initially offered by AT&T in 1967. On May 1, 1993, procedures for routing toll-free calls were changed and 800 numbers were made "portable" so customers who switched service providers could retain their numbers. Due to the growth in toll-free numbers, a new toll-free calling code, 888, was added in March 1996, which made it possible to assign about 8 million new toll-free numbers. A third toll-free calling code, 877, was added in April 1998; and a fourth toll-free code, 866, was added in July 2000.

¹ Miscellaneous numbers include those in the 800, 888, 877, and 866 service management systems maintained by Database Service Management, Inc., and categorized as reserved, assigned but not yet activated, recently disconnected, or suspended.

Chart 18.1
Working Toll-Free Numbers
(Numbers in Millions)

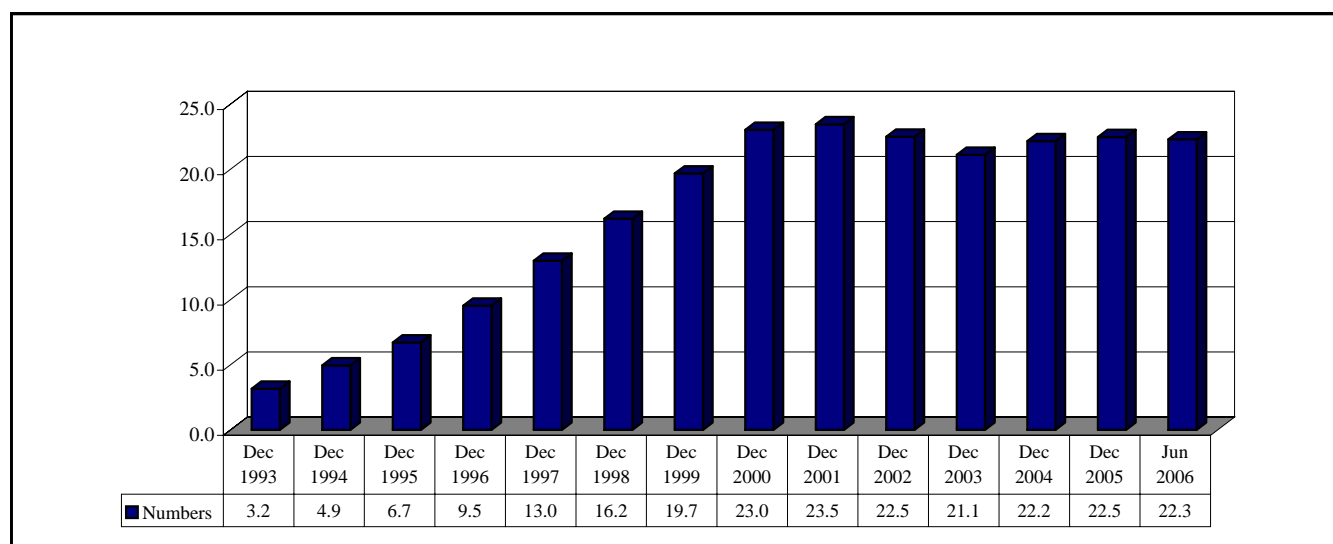


Table 18.4

Telephone Numbers Assigned for 800 Toll-Free Service

Year	Month	Working Numbers	Miscellaneous Numbers ¹	Total Numbers	Spare Numbers Still Available
1993	June	2,589,123	722,006	3,311,129	4,398,871
	September	2,818,262	639,547	3,457,809	4,252,191
	December	3,155,955	731,438	3,887,393	3,822,607
1994	March	3,516,620	743,813	4,260,433	3,449,567
	June	3,933,037	792,698	4,725,735	2,984,265
	September	4,506,014	841,381	5,347,395	2,362,605
	December	4,948,605	763,235	5,711,840	1,998,160
1995	March	5,528,723	793,771	6,322,494	1,387,506
	June	6,340,534	481,633	6,822,167	887,833
	September	6,503,018	437,215	6,940,233	769,767
	December	6,700,576	286,487	6,987,063	722,937
1996	March	6,907,098	293,244	7,200,342	509,658
	June	6,986,821	324,899	7,311,720	398,280
	September	7,119,167	310,562	7,429,729	280,271
	December	7,272,819	343,905	7,616,724	93,276
1997	March	7,402,769	305,362	7,708,131	1,869
	June	7,415,591	293,802	7,709,393	607
	September	7,427,717	280,668	7,708,385	1,615
	December	7,429,160	267,429	7,696,589	13,411
1998	March	7,455,240	249,964	7,705,204	4,796
	June	7,480,468	227,041	7,707,509	2,491
	September	7,489,271	219,080	7,708,351	1,649
	December	7,487,529	215,267	7,702,796	7,204
1999	March	7,498,527	204,515	7,703,042	6,958
	June	7,502,118	207,061	7,709,179	821
	September	7,523,302	185,363	7,708,665	1,335
	December	7,505,737	202,416	7,708,153	1,847
2000	March	7,516,391	193,246	7,709,637	363
	June	7,570,082	139,444	7,709,526	474
	September	7,572,091	137,705	7,709,796	204
	December	7,566,810	132,887	7,699,697	10,303
2001	March	7,434,621	264,967	7,699,588	10,412
	June	7,357,279	242,106	7,599,385	110,615
	September	7,383,111	164,881	7,547,992	162,008
	December	7,370,055	184,689	7,554,744	155,256
2002	March	7,181,636	400,955	7,582,591	127,409
	June	7,234,847	282,005	7,516,852	193,148
	September	7,200,821	177,723	7,378,544	331,456
	December	7,210,159	203,268	7,413,427	296,573
2003	March	7,182,120	224,536	7,406,656	303,344
	June	7,171,068	234,576	7,405,644	304,356
	September	7,031,806	222,846	7,254,652	455,348
	December	7,089,752	260,807	7,350,559	359,441
2004	March	7,187,381	234,719	7,422,100	287,900
	June	7,181,216	187,107	7,368,323	341,677
	September	7,262,915	197,252	7,460,167	249,833
	December	7,332,085	208,368	7,540,453	169,547
2005	March	7,267,936	234,679	7,502,615	207,385
	June	7,163,402	425,206	7,588,608	121,392
	September	7,160,678	495,326	7,656,004	53,996
	December	7,317,165	277,052	7,594,217	115,783
2006	March	7,416,046	197,083	7,613,129	96,871
	June	7,330,416	317,525	7,647,941	62,059

See Table 18.3 notes.

Table 18.5

Telephone Numbers Assigned for 888 Toll-Free Service

Year	Month	Working Numbers	Miscellaneous Numbers ¹	Total Numbers	Spare Numbers Still Available
1996	March	267,874	568,574	836,448	7,143,552
	June	922,849	544,079	1,466,928	6,513,072
	September	1,641,519	590,345	2,231,864	5,748,136
	December	2,255,163	601,766	2,856,929	5,123,071
1997	March	2,857,608	661,164	3,518,772	4,461,228
	June	3,660,984	681,981	4,342,965	3,637,035
	September	4,776,688	774,431	5,551,119	2,428,881
	December	5,551,554	729,020	6,280,574	1,699,426
1998	March	6,167,479	728,415	6,895,894	1,084,106
	June	6,591,764	665,496	7,257,260	722,740
	September	6,898,718	612,254	7,510,972	469,028
	December	7,146,159	515,009	7,661,168	318,832
1999	March	7,278,531	495,904	7,774,435	205,565
	June	7,428,424	231,697	7,660,121	319,879
	September	7,601,867	211,318	7,813,185	166,815
	December	7,643,158	324,405	7,967,563	12,437
2000	March	7,685,423	230,035	7,915,458	64,542
	June	7,789,986	140,658	7,930,644	49,356
	September	7,806,252	173,588	7,979,840	160
	December	7,789,188	177,328	7,966,516	13,484
2001	March	7,616,189	355,451	7,971,640	8,360
	June	7,548,761	270,198	7,818,959	161,041
	September	7,508,100	203,518	7,711,618	268,382
	December	7,452,071	190,727	7,642,798	337,202
2002	March	6,964,624	577,910	7,542,534	437,466
	June	6,629,862	354,771	6,984,633	995,367
	September	6,682,043	92,050	6,774,093	1,205,907
	December	6,610,191	154,015	6,764,206	1,215,794
2003	March	6,408,723	324,558	6,733,281	1,246,719
	June	6,228,846	251,701	6,480,547	1,499,453
	September	5,818,266	216,862	6,035,128	1,944,872
	December	5,711,949	250,662	5,962,611	2,017,389
2004	March	5,680,105	133,824	5,813,929	2,166,071
	June	5,640,743	128,141	5,768,884	2,211,116
	September	5,716,957	210,068	5,927,025	2,052,975
	December	5,563,469	384,320	5,947,789	2,032,211
2005	March	5,465,594	159,097	5,624,691	2,355,309
	June	5,306,927	296,729	5,603,656	2,376,344
	September	5,314,969	221,122	5,536,091	2,443,909
	December	5,265,331	196,817	5,462,148	2,517,852
2006	March	5,049,966	321,175	5,371,141	2,608,859
	June	4,930,941	387,726	5,318,667	2,661,333

See Table 18.3 notes.

Table 18.6**Telephone Numbers Assigned for 877 Toll-Free Service**

Year	Month	Working Numbers	Miscellaneous Numbers ¹	Total Numbers	Spare Numbers Still Available
1998	June	552,037	209,967	762,004	7,217,996
	September	1,072,046	206,714	1,278,760	6,701,240
	December	1,567,195	235,190	1,802,385	6,177,615
1999	March	2,141,228	329,044	2,470,272	5,509,728
	June	2,899,466	410,026	3,309,492	4,670,508
	September	3,755,361	436,433	4,191,794	3,788,206
	December	4,528,106	575,143	5,103,249	2,876,751
2000	March	5,436,297	598,702	6,034,999	1,945,001
	June	6,317,507	402,858	6,720,365	1,259,635
	September	6,539,180	496,015	7,035,195	944,805
	December	6,391,285	719,333	7,110,618	869,382
2001	March	6,289,079	469,980	6,759,059	1,220,941
	June	6,094,898	715,097	6,809,995	1,170,005
	September	6,163,297	489,084	6,652,381	1,327,619
	December	6,214,863	345,468	6,560,331	1,419,669
2002	March	6,174,529	340,472	6,515,001	1,464,999
	June	6,016,107	267,320	6,283,427	1,696,573
	September	5,656,158	275,722	5,931,880	2,048,120
	December	5,448,276	421,984	5,870,260	2,109,740
2003	March	5,132,413	579,240	5,711,653	2,268,347
	June	4,791,792	376,236	5,168,028	2,811,972
	September	4,617,147	170,787	4,787,934	3,192,066
	December	4,536,366	191,410	4,727,776	3,252,224
2004	March	4,528,716	163,856	4,692,572	3,287,428
	June	4,550,870	146,826	4,697,696	3,282,304
	September	4,537,840	214,197	4,752,037	3,227,963
	December	4,551,486	254,082	4,805,568	3,174,432
2005	March	4,590,227	139,089	4,729,316	3,250,684
	June	4,498,452	232,477	4,730,929	3,249,071
	September	4,476,657	193,315	4,669,972	3,310,028
	December	4,424,365	212,543	4,636,908	3,343,092
2006	March	4,387,383	178,974	4,566,357	3,413,643
	June	4,227,661	203,501	4,431,162	3,548,838

See Table 18.3 notes.

Table 18.7**Telephone Numbers Assigned for 866 Toll-Free Service**

Year	Month	Working Numbers	Miscellaneous Numbers ¹	Total Numbers	Spare Numbers Still Available
2000	September	672,250	155,646	827,896	7,152,104
	December	1,274,732	148,548	1,423,280	6,556,720
2001	March	1,652,602	361,888	2,014,490	5,965,510
	June	1,944,520	362,880	2,307,400	5,672,600
	September	2,256,792	308,801	2,565,593	5,414,407
	December	2,416,040	307,089	2,723,129	5,256,871
2002	March	2,640,414	321,530	2,961,944	5,018,056
	June	2,864,605	219,232	3,083,837	4,896,163
	September	2,977,379	244,297	3,221,676	4,758,324
	December	3,227,589	271,965	3,499,554	4,480,446
2003	March	3,461,686	299,700	3,761,386	4,218,614
	June	3,486,674	420,477	3,907,151	4,072,849
	September	3,609,244	265,446	3,874,690	4,105,310
	December	3,770,595	238,641	4,009,236	3,970,764
2004	March	3,966,922	231,683	4,198,605	3,781,395
	June	4,281,378	263,560	4,544,938	3,435,062
	September	4,476,150	281,577	4,757,727	3,222,273
	December	4,712,400	298,891	5,011,291	2,968,709
2005	March	5,015,324	267,412	5,282,736	2,697,264
	June	5,047,314	487,471	5,534,785	2,445,215
	September	5,259,730	352,226	5,611,956	2,368,044
	December	5,467,782	271,423	5,739,205	2,240,795
2006	March	5,613,475	211,021	5,824,496	2,155,504
	June	5,803,925	205,051	6,008,976	1,971,024

See Table 18.3 notes.

Table 18.8
Number of Digits Necessary to Dial Local and Toll Calls in the U.S. (As of June 2006)

State	Local Calls		Toll Calls		Toll Calls Require Dialing 1 +
	Within Same Area Code	Between Area Codes	Within Same Area Code	Between Area Codes	
Alabama	7 ¹	10 ²	1 + 10	1 + 10	Yes
Alaska	7	1 + 10	1 + 10	1 + 10	Yes
Arizona	7	10	1 + 10	1 + 10	Yes
Arkansas	7	10	1 + 10	1 + 10	Yes
California	7 ³	1 + 10	7 ³	1 + 10	No
Colorado	7 ⁴	10	1 + 10	1 + 10	Yes
Connecticut	7 ⁵	10	1 + 10	1 + 10	Yes
Delaware	7	10	1 + 10	1 + 10	Yes
District of Columbia	7	10	NA	1 + 10	Yes
Florida	7 ⁶	10	1 + 10	1 + 10	Yes
Georgia	7 ⁷	10	1 + 10	1 + 10	Yes
Hawaii	7	NA	1 + 10	1 + 10	Yes
Idaho	7	7	1 + 10	1 + 10	Yes
Illinois	7 ⁸	1 + 10	1 + 10	1 + 10	Yes
Indiana	7	10	1 + 10	1 + 10	Yes
Iowa	7	10	1 + 10	1 + 10	Yes
Kansas	7	10	1 + 10	1 + 10	Yes
Kentucky	7	10 ⁹	1 + 10	1 + 10	Yes
Louisiana	7	10	1 + 10	1 + 10	Yes
Maine	7	1 + 10	7	1 + 10	No
Maryland	10	10	1 + 10	1 + 10	Yes
Massachusetts	10 ¹⁰	10	1 + 10	1 + 10	Yes
Michigan	7 ¹¹	10	1 + 10	1 + 10	Yes
Minnesota	7	10 ¹²	1 + 10	1 + 10	Yes
Mississippi	7 ¹³	10	1 + 10	1 + 10	Yes
Missouri	7 ¹⁴	10	1 + 10	1 + 10	Yes
Montana	7	7	1 + 10	1 + 10	Yes
Nebraska	7	7	1 + 10	1 + 10	Yes
Nevada	7	10	1 + 10	1 + 10	Yes
New Hampshire	7	1 + 10	7	1 + 10	No
New Jersey	10 ¹⁵	1 + 10	10 ¹⁵	1 + 10	No
New Mexico	7	NA	1 + 10	1 + 10	Yes
New York	7 ¹⁶	1 + 10	7 ¹⁶	1 + 10	No
North Carolina	7 ¹⁷	10	1 + 10	1 + 10	Yes
North Dakota	7	7	1 + 10	1 + 10	Yes
Ohio	7 ¹⁸	10	1 + 10	1 + 10	Yes
Oklahoma	7	7	1 + 10	1 + 10	Yes
Oregon	10 ¹⁹	10	1 + 10	1 + 10	Yes
Pennsylvania	10 ²⁰	1 + 10 ²¹	10 ²⁰	1 + 10	No
Rhode Island	7	1 + 10	7	1 + 10	No
South Carolina	7	10	1 + 10	1 + 10	Yes
South Dakota	7	7	1 + 10	1 + 10	Yes
Tennessee	7	10 ²²	1 + 10	1 + 10	Yes
Texas	7 ²³	10	1 + 10	1 + 10	Yes
Utah	7	10 ²⁴	1 + 10	1 + 10	Yes
Vermont	7	1 + 10	1 + 10	1 + 10	Yes
Virginia	7 ²⁵	10	1 + 10	1 + 10	Yes
Washington	7 ²⁶	10	1 + 10	1 + 10	Yes
West Virginia	7	7	1 + 10	1 + 10	Yes
Wisconsin	7	1 + 10	1 + 10	1 + 10	Yes
Wyoming	7	7	1 + 10	1 + 10	Yes

NA - Not Applicable.

Source: NPA database. The database is available at www.nanpa.com/area_codes/index.html.

Notes to Table 18.8

- ¹ In area code 659, 10-digit dialing is used.
- ² In area code 659, 1+10-digit dialing is used.
- ³ In area codes 424 and 310, 1+10-digit dialing is used.
- ⁴ In area codes 303 and 720, 10-digit dialing is used.
- ⁵ In area codes 475 and 959, 10-digit dialing is used.
- ⁶ In area codes 305, 321, 407, 689, 754, 786, and 954, 10-digit dialing is used.
- ⁷ In area codes 404, 470, 678, 762 and 770, 10-digit dialing is used.
- ⁸ In area codes 224, 331, 872, 464, 706 and 847, 1+ 10-digit dialing is used.
- ⁹ In area codes 270 and 502, 7-digit dialing is used.
- ¹⁰ In area code 413, 7-digit dialing is used.
- ¹¹ In area codes 248, 679 and 947, 10-digit dialing is used.
- ¹² In area codes 218, 320, and 507, 7-digit dialing is used.
- ¹³ In area codes 601 and 769, 10-digit dialing is used.
- ¹⁴ In area codes 557 and 975, 10-digit dialing is used.
- ¹⁵ In area codes 609, 856, and 908, 7-digit dialing is used.
- ¹⁶ In area codes 212, 347, 646, 718, and 917, 1+10 digit dialing is used.
- ¹⁷ In area codes 704, 980 and 984, 10-digit dialing is used.
- ¹⁸ In area codes 234, 283, 330, 380, 419, and 567, 10-digit dialing is used.
- ¹⁹ In area code 541, 7-digit dialing is used.
- ²⁰ In area codes 570, 717, and 814, 7-digit dialing is used.
- ²¹ In some area codes, local calls to some other area codes may be dialed using 10 digits.
- ²² In area codes 615 and 931, 7-digit dialing is used.
- ²³ In area codes 214, 281, 430, 469, 682, 713, 817, 832, 903, and 972, 10-digit dialing is used.
- ²⁴ In area code 435, 7-digit dialing is used.
- ²⁵ In area codes 571 and 703, 10-digit dialing is used.
- ²⁶ In area code 564, 10-digit dialing is used.

19 Universal Service

1. Overview

There are four universal service support mechanisms: 1) High Cost, 2) Low Income, including Lifeline and Link-Up, 3) Schools and Libraries, and 4) Rural Health Care.¹ High Cost support enables carriers with above-average costs to recover some of these costs from the support mechanisms, allowing these carriers to lower their end-user rates and/or to receive less money from state universal service support mechanisms.

The Lifeline program promotes increased telephone subscribership by providing low-income households with discounts on the monthly cost of telephone service. The Link-Up America program promotes telephone subscribership by helping low-income households pay the initial costs of commencing telephone service.

Schools and Libraries support enables eligible schools and libraries to obtain eligible services, including telecommunications services, at discounted rates. Rural Health Care support allows rural health care providers to purchase telecommunications services at comparable urban rates.

Table 19.1 shows universal service support disbursements for 2005.² Chart 19.1 shows this information graphically for 2005. Table 19.2 and Chart 19.2 show the type of service providers that received universal service support in 2005.

2. High Cost

The High Cost support mechanisms include embedded high-cost loop support (HCLS),³ safety net additive support (SNAS), safety valve support (SVS), local switching support (LSS), forward-looking high-cost model support (HCMS), interstate access support (IAS) for price-cap carriers, and interstate common line support (ICLS) for rate-of-return carriers.⁴

HCLS provides assistance to companies with above average non-traffic-sensitive local loop costs – terminology that refers to the costs of providing loops connecting customers and their serving telephone company central office. In addition, SNAS provides assistance to companies that have large increases in telecommunications plant in service. SVS provides

¹ Additional information on universal service mechanisms is available in the *Universal Service Monitoring Report* (December 2006). See <http://www.fcc.gov/wcb/iatd/monitor.html>.

² The figures used in this table are for the calendar year and include disbursements that were paid out in 2005.

³ This was formerly referred to as the Universal Service Fund, and still bears that name in the Commission rules. It is now referred to as high-cost loop support to avoid confusion with the new, more comprehensive universal service support mechanisms that the Commission developed to implement the 1996 Act. See 47 C.F.R. § 36.601.

⁴ Prior to July 1, 2004, rate-of-return carriers were eligible to receive long-term support (LTS). Since that date, LTS was merged into ICLS.

additional assistance to rural carriers that make substantial investment after acquiring exchanges.

LSS provides assistance to LECs with study areas of 50,000 or fewer access lines to help defray their higher per-line switching costs. HCMS provides assistance for non-rural carriers based on their forward-looking costs of providing supported services as determined by the Commission's cost model. The IAS mechanism provides support to price-cap carriers to replace the implicit support previously collected through interstate access charges. The ICLS mechanism converts support implicit in the access rate structure of rate-of-return carriers to explicit and portable support. ICLS recovers any shortfall between the allowed common line revenues of rate of return carriers and their subscriber line charge revenues. As noted above, LTS was merged into ICLS as of July 1, 2004.

Table 19.3 shows HCLS, LTS, LSS, HCMS, IAS, ICLS, SNAS, and SVS payments from 1986 to 2006. Table 19.4 shows payments by state for 2005.

Table 19.5 shows high-cost support payments to ILECs and competitive eligible telecommunications carriers (CETCs) from 1996 to the present. Chart 19.4 shows the percent of high-cost support received by CETCs. Table 19.6 shows high-cost support payments by state for 2005 to ILECs and CETCs and also to rural and non-rural carriers.

3. Low-Income Support: Lifeline and Link-Up

The Lifeline program promotes increased telephone subscribership by providing low-income households with discounts on the monthly cost of telephone service. The Link-Up America program increases telephone subscribership by helping low-income households pay the initial costs of commencing telephone service.

The Lifeline program was created in 1984, and the Link-Up program was created in 1987. For both of these programs, the rules were later modified to make the distribution of low-income support competitively and technologically neutral by allowing all eligible telecommunications carriers, including wireless carriers, to receive support for providing Lifeline and Link-Up service. In June 2000, the Commission further expanded the Lifeline and Link-Up programs to address the needs of households on tribal lands.⁵

Eligibility requirements for Lifeline and Link-Up vary from state to state. In a state that has its own Lifeline program, the state may create its own eligibility requirements for the federal Lifeline program. Those criteria must be based solely on income or factors directly related to income. In addition, a state commission must ensure that its qualification criteria are reasonably designed to reach eligible residents of tribal lands within the state. In those states that do not have their own Lifeline program, known as federal default states, Lifeline eligibility requirements are set by the FCC. In federal default states, households must certify that they participate in at least one of the following seven federal programs: Medicaid, food stamps, Supplemental Security Income (SSI), federal public housing assistance, the Low-Income Home Energy Assistance Program (LIHEAP), the National School Lunch Program's free lunch program, or Temporary Assistance to Needy Families. By June 2005, consumers may also be able to qualify if their income is at or below 135% of the federal poverty guidelines.

⁵ *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas*, Twelfth Report and Order, and Further Notice of Proposed Rulemaking, CC Docket No. 96-45, FCC 00-208, 15 FCC Rcd 12,208 (2000).

Eligible consumers living on tribal lands can receive federal Lifeline support if they (a) meet their state's Lifeline eligibility requirements; (b) certify that they are enrolled in one of the seven federal programs listed above; or (c) participate in one of the following federal assistance programs: Bureau of Indian Affairs (BIA) general assistance program, tribally administered Temporary Assistance for Needy Families (TANF), or Head Start (meeting the income-qualifying standard).

Under the Commission's rules, there are four tiers of federal Lifeline support.⁶ The first tier represents a monthly waiver of the federal subscriber line charge, which ranges between \$3.50 and \$6.50, varying by state and the carrier providing service. Second-tier support is an additional \$1.75 per-month reduction in the basic local rate. All Lifeline subscribers receive at least the first two tiers of federal support. The third tier of federal support is based on the amount of additional support mandated by the relevant state or otherwise provided by carriers. Federal support is available to match one-half of the tier-three support provided, up to a maximum of \$1.75 in federal support. Eligible subscribers living on tribal lands also qualify to receive a fourth tier of Lifeline support. Tier-four support provides up to an additional \$25 per month although all subscribers on tribal lands must pay at least \$1 per month.

The Commission's Link-Up program provides qualified low-income individuals with a federally financed 50% discount on initial connection charges up to \$30. Link-Up beneficiaries also may choose to schedule deferred payments of up to \$200 over a one-year period, with the customary interest charges paid through federal support. Eligible subscribers living on tribal lands may receive an additional discount of up to \$70 to cover 100% of the charges between \$60 and \$130.

Table 19.7 shows the minimum, maximum and average monthly Lifeline support as of March 31, 2005, by state. The table contains both federal and state support, and indicates the additional contribution from the federal program to reduce local rates where states have authorized statewide or carrier specific intrastate local rate reductions.

Table 19.8 contains historical Lifeline subscriber and Link-Up beneficiary data for 1987 through 2005. Table 19.9 present tribal and non-tribal lifeline subscriber and Link-Up beneficiary data by state for 2005.

Table 19.10 and Chart 19.5 contain annual historical low-income support payments for the years 1988 through 2005. Table 19.11 shows low-income support payments by state or jurisdiction for 2005. Table 19.12 shows low-income support payments to ILECs and CETCs from 1996 to the present. Chart 19.6 shows the percent of low-income support received by CETCs.

4. Schools and Libraries

The schools and libraries support mechanism also known as the "E Rate" enables schools and libraries to obtain eligible services at discounted rates. Eligible schools and libraries receive telecommunications services, Internet access, and internal connections at discounts that range from 20 percent to 90 percent. The level of the discount is generally based on the percentage of students eligible for the national school lunch program, or in the case of libraries, the percentage of students eligible for the national school lunch program in the school district where the library

⁶ In addition, the Lifeline program compensates eligible telecommunication carriers for toll limitation service (TLS).

is located. In addition, schools and libraries located in rural areas receive an additional discount.

Table 19.13 shows funding commitments and disbursements to schools and libraries by funding year since 1998. The commitments and disbursements are shown by the type of service funded (internal connections, Internet access, and telecommunications). Chart 19.7 graphically shows the total schools' and libraries' funds committed and disbursed. Table 19.14 shows, on a state-by-state basis, funding commitments to schools and libraries for the July 1, 2004 through June 30, 2005 Funding Year.

5. Rural Health Care

The Rural Health Care support mechanism enables health care providers in rural areas to pay no more than their urban counterparts for similar telecommunications services necessary for the provision of health care. Eligible rural health care providers can also receive a 25% discount off the monthly cost of Internet access reasonably related to the health care needs of the facility. Additionally, rural health care providers in *entirely rural* states are eligible to receive a 50% discount off the monthly cost of advanced telecommunications and information services reasonably related to the health care needs of the facility. Further, mobile rural health care providers utilizing satellite service can receive support for the difference between the rate for the satellite service and the rate for an urban wireline service with a similar bandwidth.

Table 19.15 and Chart 19.8 show rural health care fund disbursements by service speed since 1998. Table 19.16 shows rural health care fund disbursements by service speed and on a state-by-state basis for the funding period July 1, 2004 through June 30, 2005.

6. Contributions to the Universal Service Fund

Carriers contribute to universal service support mechanisms based on interstate and international end-user revenues. Since November 1999, all contributions to the USF are based on interstate end-user revenues. Table 19.17 shows interstate and intrastate contribution rates since the first quarter of 1998. Table 19.18 shows changes in the shares of contributions over time by type of service provider. Shares have changed because of differential pricing, growth trends, mergers and wireless carriers now reporting greater shares of interstate revenues.

Table 19.1
Universal Service Support Mechanisms: 2005
(Dollars in Millions)

Mechanism	Disbursements	Percent of Total
High-Cost Support	\$3,824	58.7 %
High-Cost Loop Support	1,219	18.7
Safety Net Additive Support	15	0.2
Safety-Valve	4	0.1
High-Cost Model Support	292	4.5
Long-Term Support	0	0.0
Interstate Common Line Support	1,178	18.1
Interstate Access Support	691	10.6
Local Switching Support	425	6.5
Low-Income Support	809	12.4
School and Libraries	1,862	28.6
Rural Health Care	26	0.4
All Universal Service Support	\$6,520	100.0 %

Notes: Figures may not add due to rounding. The figures used in this table are for the calendar year and include disbursements that were committed over several years but paid out in calendar year 2005. In Tables 19.12 -19.16, figures for the Schools and Libraries program and the Rural Health Care program are reported based on fiscal year rather than calendar year.

Source: Universal Service Administration Company (USAC).

Chart 19.1
Distribution of Universal Service Payments: 2005

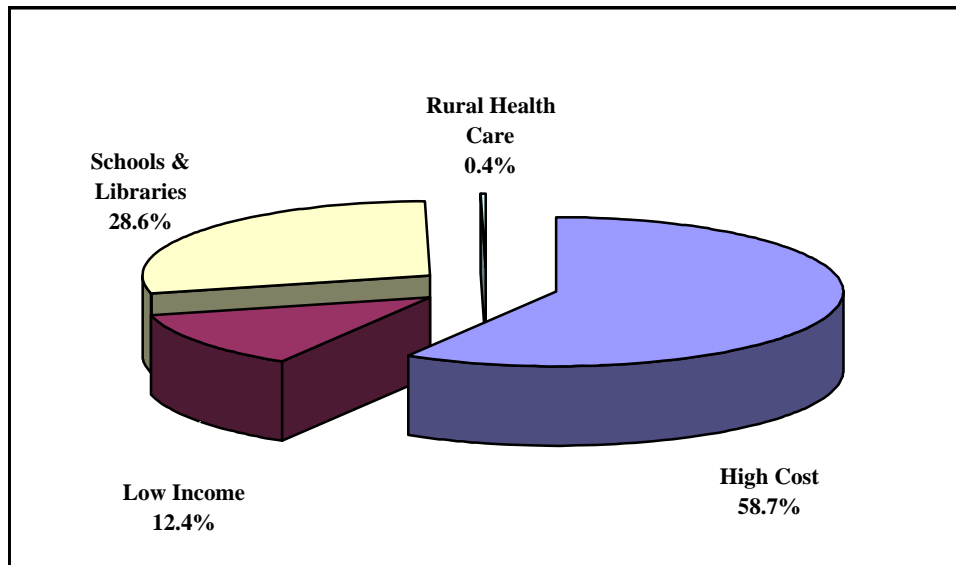


Table 19.2
Universal Service Support Received by Service Provider Type: 2005
(Dollars in Thousands)

	High Cost	Low Income	Rural Health Care	Schools and Libraries	Total	Percent of Total
Incumbent Local Exchange Carriers	\$3,185,670	\$737,207	\$4,412	\$551,181	\$4,478,470	68.7 %
Non-Traditional Providers ¹	0	0	0	710,024	710,024	10.9
Wireless Providers ²	602,172	39,608	18	44,530	686,328	10.5
Competitive Local Exchange Carriers ³	36,345	31,749	1,133	264,182	333,409	5.1
Internet Service Providers	0	0	150	133,420	133,570	2.0
Long Distance Providers ⁴	0	0	19,618	110,796	130,413	2.0
Other Providers ⁵	0	0	239	47,612	47,851	0.7
Total	\$3,824,186	\$808,565	\$25,570	\$1,861,745	\$6,520,065	100.0 %

¹ Non-traditional providers provide eligible software, hardware, and network devices.

² Wireless providers include cellular, PCS and other mobile providers.

³ Competitive local exchange carriers include competitive access providers, local resale, other local and shared tenant service providers.

⁴ Long distance providers include interexchange, operator service, toll resale, pre-paid card and other toll providers.

⁵ Other providers' services include paging and messaging, payphone service, private service, satellite service, specialized mobile service and wireless data.

Source: Compiled from data provided to the FCC by Universal Service Administrative Company (USAC).

Chart 19.2
Universal Service Support Received by Service Provider Type: 2005

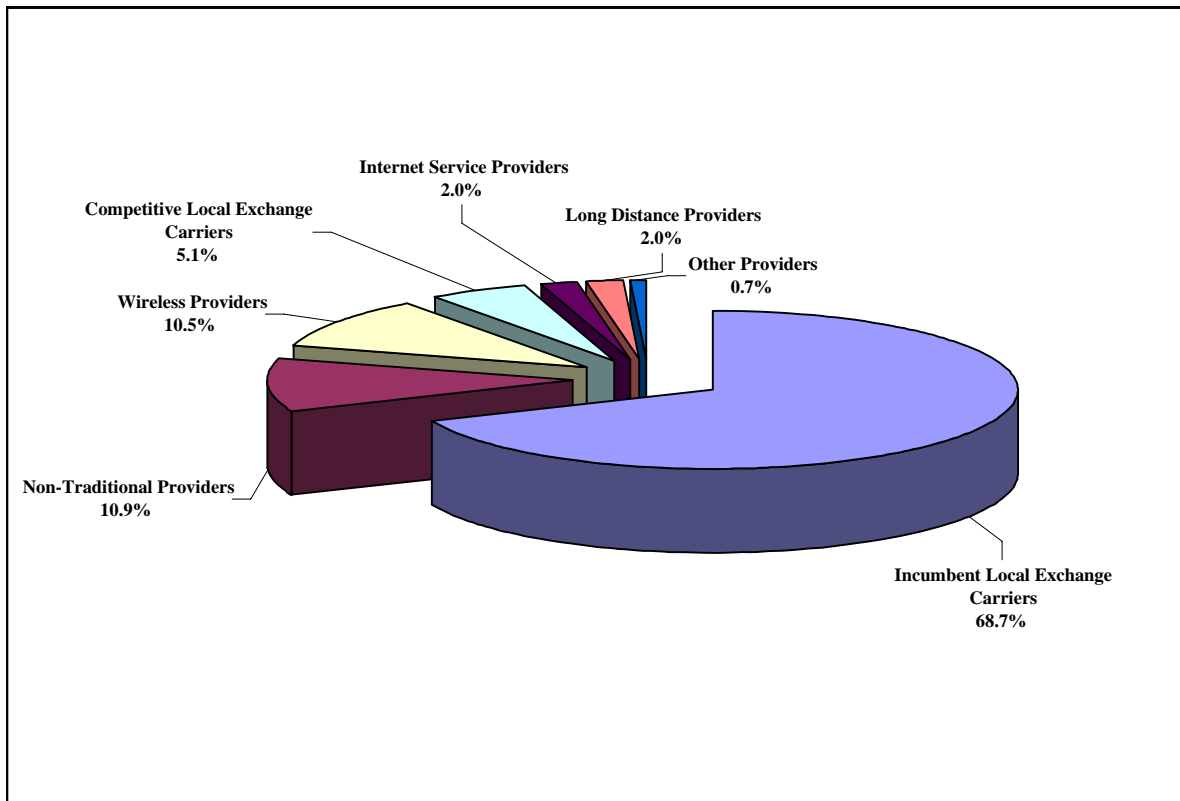


Table 19.3
High-Cost Support Fund Payment History
(In Millions of Dollars)

Year	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
1986	\$56	-	-	-	-	-	-	-	\$56
1987	126	-	-	-	-	-	-	-	126
1988	183	-	-	-	-	-	-	-	183
1989	265	-	-	-	\$236	-	-	-	500
1990	339	-	-	-	263	-	-	-	602
1991	485	-	-	-	272	-	-	-	757
1992	609	-	-	-	306	-	-	-	915
1993	705	-	-	-	323	-	-	-	1,028
1994	725	-	-	-	347	-	-	-	1,072
1995	750	-	-	-	382	-	-	-	1,132
1996	763	-	-	-	426	-	-	-	1,188
1997	794	-	-	-	470	-	-	-	1,263
1998	827	-	-	-	473	-	-	\$390	1,690
1999	864	-	-	-	473	-	-	380	1,718
2000	874	-	-	\$219	478	-	\$279	385	2,235
2001	927	-	-	206	492	-	577	390	2,592
2002	1,045	-	-	233	493	\$173	615	376	2,935
2003	1,085	\$9	\$0	234	504	409	622	396	3,259
2004	1,137	12	0	273	275	716	642	414	3,468
2005	1,219	15	4	292	0	1,178	691	425	3,824
2006*	1,284	20	2	332	-	1,231	657	467	3,993

Note: Detail may not appear to add to totals due to rounding.

- Support mechanism did not exist in that year.

* Estimate for 2006 based on USAC projections. Payments will increase if additional carriers become eligible.

Sources: National Exchange Carrier Association (1986-1997),

Universal Service Administrative Company (1998-2005).

Federal Universal Service Support Mechanisms Fund Size Projections for the Third Quarter 2006 (2006).

Chart 19.3
Total High-Cost Support Fund Payments

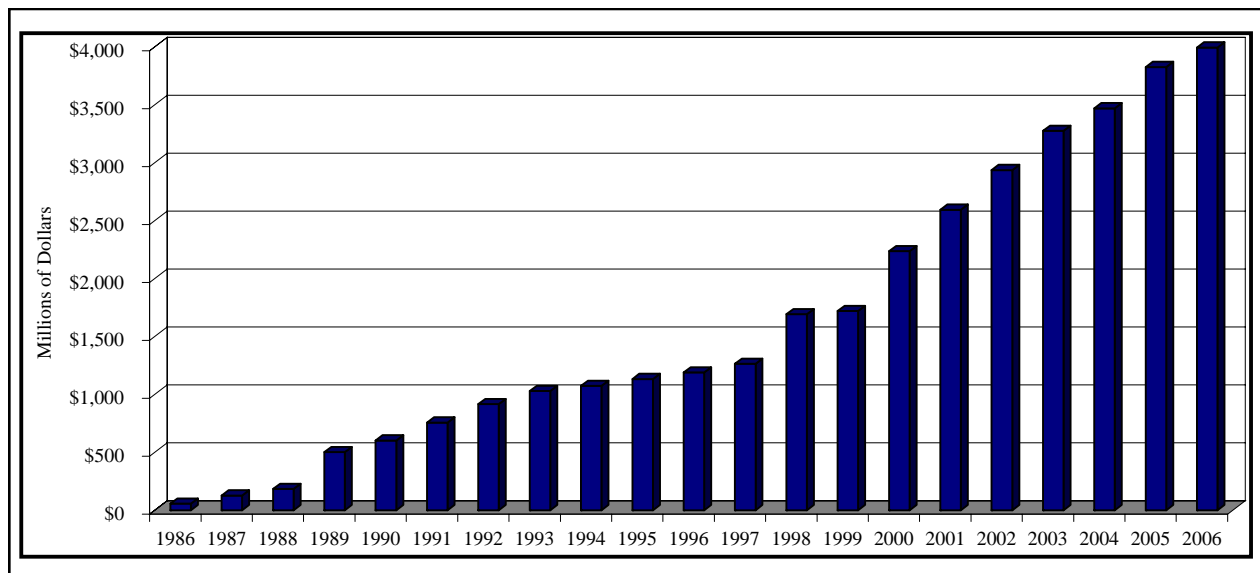


Table 19.4
High-Cost Support Payments by State: 2005
(In Thousands of Dollars)

	High-Cost Loop Support	Safety Net Additive Support	Safety Valve Support	High-Cost Model Support	Long-Term Loop Support	Interstate Common Line Support	Interstate Access Support	Local Switching Support	Total Support
Alabama	\$19,307	\$243	\$0	\$45,790	-\$1	\$17,913	\$20,214	\$5,878	\$109,343
Alaska	53,748	295	172	0	0	51,163	0	14,896	120,274
American Samoa	654	0	0	0	0	1,371	0	292	2,318
Arizona	33,039	147	44	0	0	11,891	19,353	10,077	74,550
Arkansas	70,409	372	0	0	0	43,782	17,419	9,015	140,997
California	36,639	204	0	0	0	22,618	34,362	5,043	98,866
Colorado	34,620	50	0	0	0	19,089	20,808	4,710	79,277
Connecticut	0	0	0	0	0	1,016	509	724	2,249
Delaware	0	0	0	0	0	0	259	0	259
District of Columbia	0	0	0	0	0	0	0	0	0
Florida	12,464	0	0	0	-23	10,614	64,278	4,118	91,450
Georgia	41,321	263	0	0	0	31,805	24,341	13,963	111,693
Guam	9,531	0	0	0	0	9,635	0	0	19,165
Hawaii	12,447	24	0	0	0	11,650	2,575	2,828	29,525
Idaho	22,917	199	0	0	0	9,136	16,101	6,702	55,055
Illinois	16,269	252	0	0	0	24,613	12,365	10,008	63,506
Indiana	9,641	283	0	0	0	13,294	23,840	9,574	56,632
Iowa	21,689	1,710	9	0	11	37,039	5,938	23,941	90,336
Kansas	98,695	642	0	0	15	53,970	7,572	17,790	178,684
Kentucky	23,658	4	0	16,997	0	19,387	18,294	5,260	83,600
Louisiana	61,342	172	0	0	0	30,876	12,369	6,483	111,241
Maine	7,297	0	0	2,044	21	12,265	232	6,953	28,812
Maryland	266	90	0	0	0	631	2,428	910	4,327
Massachusetts	214	38	0	0	0	523	1,889	970	3,634
Michigan	24,586	132	0	0	-71	19,140	558	9,230	53,575
Minnesota	36,743	2,646	0	0	17	45,914	5,115	22,917	113,352
Mississippi	27,269	265	0	146,627	0	12,347	18,537	4,206	209,251
Missouri	36,668	235	0	0	0	27,613	13,304	7,326	85,146
Montana	27,234	207	0	19,867	0	19,917	1,313	8,193	76,731
Nebraska	16,691	576	0	7,085	0	14,908	5,681	10,950	55,890
Nevada	6,366	201	0	0	0	5,873	10,579	6,620	29,639
New Hampshire	668	0	0	0	0	2,196	1,825	4,044	8,732
New Jersey	0	0	0	0	0	66	366	900	1,332
New Mexico	23,661	146	0	0	11	13,827	9,948	10,918	58,511
New York	8,027	858	0	0	0	8,870	19,289	14,788	51,833
North Carolina	11,896	0	0	0	0	25,490	36,959	5,834	80,179
North Dakota	21,313	115	0	0	2	24,319	836	16,133	62,718
Northern Mariana Islands	0	0	0	0	0	0	346	321	668
Ohio	9,130	445	0	0	0	9,550	14,791	3,839	37,754
Oklahoma	57,164	335	0	0	0	41,360	5,169	16,161	120,188
Oregon	22,620	173	0	0	-570	17,922	20,142	8,182	68,469
Pennsylvania	1,905	25	0	0	0	36,597	21,142	5,835	65,504
Puerto Rico	0	0	0	0	0	133,786	0	0	133,786
Rhode Island	0	0	0	0	0	0	44	0	44
South Carolina	25,967	1,029	0	0	0	31,292	13,276	4,759	76,322
South Dakota	31,587	601	13	2,455	1	28,274	146	14,711	77,788
Tennessee	14,694	-26	0	0	0	22,705	10,142	7,170	54,684
Texas	103,874	489	245	0	-101	66,702	39,592	19,215	230,017
Utah	7,372	35	89	0	0	9,509	2,531	4,044	23,579
Vermont	7,675	0	0	10,294	0	9,460	2,418	5,397	35,244
Virgin Islands	14,410	0	0	0	0	8,208	0	0	22,618
Virginia	3,697	-220	0	0	0	7,880	70,064	5,891	87,312
Washington	27,104	66	0	0	-24	24,311	34,446	8,483	94,387
West Virginia	15,462	118	0	26,328	0	2,213	19,680	2,517	66,318
Wisconsin	33,768	1,558	3,806	0	497	61,839	369	28,387	130,225
Wyoming	15,167	167	0	14,353	0	11,972	7,248	7,692	56,598
Total	\$1,218,883	\$15,164	\$4,378	\$291,840	-\$217	\$1,178,343	\$691,000	\$424,795	\$3,824,186

Note : The reason some values are negative is that support amounts include prior period adjustments.

Source: The data are derived from individual company payments reported on the USAC web site.

Table 19.5
High-Cost Support Received by Incumbent LECs and CETCs
(In Millions of Dollars)

	ILECs	CETCs	Total	Percent CETCs
1996	\$1,188	\$0	\$1,188	0.0 %
1997	1,263	0	1,263	0.0
1998	1,690	0	1,690	0.0
1999	1,717	1	1,718	0.0
2000	2,233	1	2,235	0.1
2001	2,575	17	2,592	0.7
2002	2,889	46	2,935	1.6
2003	3,129	130	3,259	4.0
2004	3,153	316	3,468	9.1
2005	3,186	639	3,824	16.7
2006*	3,173	820	3,993	20.5

Notes: ILECs is an abbreviation for incumbent local exchange carriers. CETCs is an abbreviation for competitive eligible telecommunications carriers. CETCs include both wireless and wireline carriers.

* Estimate for 2006 based on USAC projections.

Sources: National Exchange Carrier Association (1996-1997).

Universal Service Administrative Company (1998-2005).

Federal Universal Service Support Mechanisms Fund Size Projections for the Third Quarter 2006 (2006).

Chart 19.4
Percent of High-Cost Support Received by CETCs

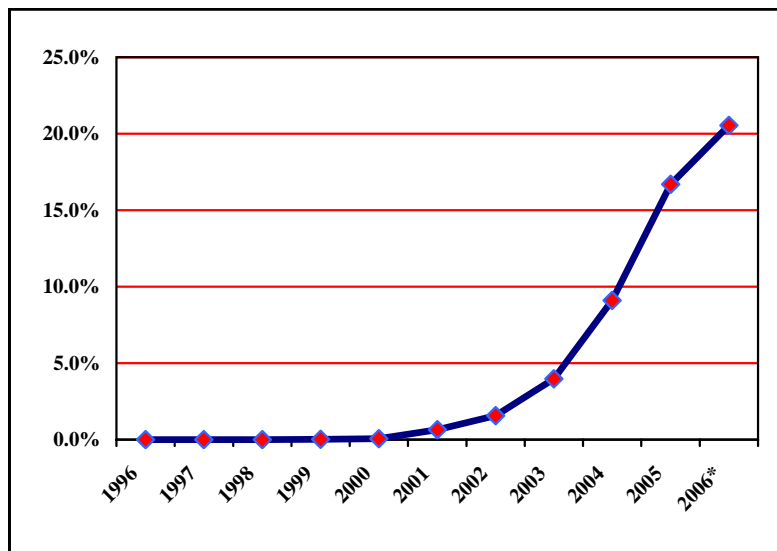


Table 19.6
High-Cost Support by Type of Carriers: 2005
(In Thousands of Dollars)

	ILECs ¹	CETCs ²	Percent CETCs ²	Rural Carriers	Non-Rural Carriers	Percent Non-Rural Carriers	Total
Alabama	\$97,679	\$11,664	10.7 %	\$43,505	\$65,838	60.2 %	\$109,343
Alaska	100,628	19,646	16.3	104,772	15,502	12.9	120,274
American Samoa	2,318	0	0.0	2,318	0	0.0	2,318
Arizona	61,805	12,746	17.1	58,227	16,324	21.9	74,550
Arkansas	103,476	37,521	26.6	113,504	27,493	19.5	140,997
California	98,674	191	0.2	66,930	31,936	32.3	98,866
Colorado	72,050	7,227	9.1	56,232	23,045	29.1	79,277
Connecticut	2,249	0	0.0	1,739	509	22.6	2,249
Delaware	259	0	0.0	0	259	100.0	259
District of Columbia	0	0	NA	0	0	NA	0
Florida	81,140	10,310	11.3	45,655	45,795	50.1	91,450
Georgia	102,638	9,055	8.1	87,325	24,368	21.8	111,693
Guam	11,427	7,738	40.4	15,754	3,411	17.8	19,165
Hawaii	17,568	11,956	40.5	21,595	7,929	26.9	29,525
Idaho	55,055	0	0.0	55,055	0	0.0	55,055
Illinois	63,505	1	0.0	52,921	10,585	16.7	63,506
Indiana	54,481	2,151	3.8	35,173	21,459	37.9	56,632
Iowa	55,619	34,717	38.4	72,705	17,631	19.5	90,336
Kansas	132,251	46,433	26.0	161,628	17,056	9.5	178,684
Kentucky	75,144	8,456	10.1	46,849	36,751	44.0	83,600
Louisiana	85,913	25,328	22.8	91,278	19,963	17.9	111,241
Maine	24,533	4,279	14.9	24,856	3,956	13.7	28,812
Maryland	4,327	0	0.0	1,898	2,428	56.1	4,327
Massachusetts	3,634	0	0.0	1,746	1,889	52.0	3,634
Michigan	43,744	9,830	18.3	49,222	4,353	8.1	53,575
Minnesota	81,420	31,932	28.2	99,396	13,956	12.3	113,352
Mississippi	147,106	62,144	29.7	41,581	167,669	80.1	209,251
Missouri	85,026	120	0.1	78,646	6,499	7.6	85,146
Montana	72,678	4,053	5.3	55,826	20,905	27.2	76,731
Nebraska	54,422	1,468	2.6	44,881	11,008	19.7	55,890
Nevada	24,451	5,188	17.5	20,902	8,737	29.5	29,639
New Hampshire	8,732	0	0.0	6,907	1,825	20.9	8,732
New Jersey	1,332	0	0.0	1,332	0	0.0	1,332
New Mexico	49,491	9,020	15.4	51,258	7,253	12.4	58,511
New York	47,160	4,672	9.0	39,878	11,954	23.1	51,833
North Carolina	72,921	7,258	9.1	47,488	32,692	40.8	80,179
North Dakota	36,413	26,305	41.9	50,866	11,852	18.9	62,718
Northern Mariana Islands	437	231	34.6	621	47	7.1	668
Ohio	37,754	0	0.0	29,915	7,839	20.8	37,754
Oklahoma	108,602	11,586	9.6	113,088	7,101	5.9	120,188
Oregon	64,914	3,554	5.2	49,498	18,971	27.7	68,469
Pennsylvania	63,460	2,044	3.1	55,623	9,881	15.1	65,504
Puerto Rico	66,047	67,738	50.6	0	133,786	100.0	133,786
Rhode Island	44	0	0.0	0	44	100.0	44
South Carolina	76,322	0	0.0	65,577	10,745	14.1	76,322
South Dakota	54,108	23,679	30.4	66,491	11,297	14.5	77,788
Tennessee	53,510	1,174	2.1	46,844	7,840	14.3	54,684
Texas	226,231	3,786	1.6	204,533	25,484	11.1	230,017
Utah	23,302	278	1.2	22,130	1,449	6.1	23,579
Vermont	28,418	6,826	19.4	20,552	14,692	41.7	35,244
Virgin Islands	22,618	0	0.0	22,618	0	0.0	22,618
Virginia	72,049	15,263	17.5	27,584	59,729	68.4	87,312
Washington	65,990	28,398	30.1	55,490	38,897	41.2	94,387
West Virginia	58,578	7,740	11.7	29,309	37,008	55.8	66,318
Wisconsin	90,079	40,146	30.8	111,862	18,363	14.1	130,225
Wyoming	41,936	14,662	25.9	32,343	24,255	42.9	56,598
Total	\$3,185,670	\$638,516	16.7 %	\$2,703,927	\$1,120,259	29.3 %	\$3,824,186

NA - Not Applicable

¹ ILECs is an abbreviation for incumbent local exchange carriers.

² CETCs is an abbreviation for competitive eligible telecommunications carriers. CETCs include both wireline and wireless carriers.

Source: Universal Service Administrative Company.

Table 19.7
Lifeline Monthly Support by State or Jurisdiction
(As of March 31, 2005)

	Basic Federal Support ¹			Additional State Support ²			Federal Match			Total Federal Support			Total Federal and State Support ²		
	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
Alabama	\$5.25	\$8.25	\$8.24	\$0.00	\$3.50	\$3.48	\$0.00	\$1.75	\$1.74	\$5.25	\$10.00	\$9.99	\$5.25	\$13.50	\$13.47
Alaska	6.50	8.25	8.12	0.00	3.50	3.23	0.00	1.75	1.62	6.50	10.00	9.73	6.50	13.50	12.97
American Samoa	8.25	8.25	8.25	0.00	0.00	0.00	0.00	0.00	0.00	8.25	8.25	8.25	8.25	8.25	8.25
Arizona	8.05	8.25	8.20	0.00	3.50	2.76	0.00	1.75	1.38	8.05	10.00	9.58	8.05	13.50	12.34
Arkansas	5.25	8.25	7.47	0.00	3.50	0.71	0.00	1.75	0.35	5.25	10.00	7.82	5.25	13.50	8.53
California	3.97	8.25	6.63	0.00	3.50	2.46	0.00	1.75	1.23	3.97	10.00	7.85	3.97	13.50	10.31
Colorado	8.25	8.25	8.25	0.00	3.50	3.49	0.00	1.75	1.75	8.25	10.00	10.00	8.25	13.50	13.49
Connecticut	6.10	7.46	7.46	1.18	1.18	1.18	0.59	0.59	0.59	6.69	8.05	8.05	7.87	9.23	9.23
Delaware	8.17	8.17	8.17	0.00	0.00	0.00	0.00	0.00	0.00	8.17	8.17	8.17	8.17	8.17	8.17
District of Columbia	5.59	5.59	5.59	3.50	3.50	3.50	1.75	1.75	1.75	7.34	7.34	7.34	10.84	10.84	10.84
Florida	8.20	8.25	8.24	3.04	3.50	3.50	1.52	1.75	1.75	9.72	10.00	9.99	12.76	13.50	13.49
Georgia	3.50	8.25	8.25	0.00	3.50	3.38	0.00	1.75	1.69	3.50	10.00	9.94	3.50	13.50	13.32
Guam	8.25	8.25	8.25	3.50	3.50	3.50	1.75	1.75	1.75	10.00	10.00	10.00	13.50	13.50	13.50
Hawaii	8.25	8.25	8.25	0.00	0.00	0.00	0.00	0.00	0.00	8.25	8.25	8.25	8.25	8.25	8.25
Idaho	6.50	8.25	8.14	0.00	3.50	3.49	0.00	1.75	1.75	6.50	10.00	9.89	6.50	13.50	13.38
Illinois	6.24	8.25	6.65	0.00	0.00	0.00	0.00	0.00	0.00	6.24	8.25	6.65	6.24	8.25	6.65
Indiana	6.75	8.25	7.51	0.00	0.00	0.00	0.00	0.00	0.00	6.75	8.25	7.51	6.75	8.25	7.51
Iowa	5.25	8.25	7.25	0.00	3.50	0.01	0.00	1.75	0.00	5.25	10.00	7.25	5.25	13.50	7.26
Kansas	6.96	8.25	7.31	3.38	3.50	3.50	1.69	1.75	1.75	8.65	10.00	9.06	12.03	13.50	12.56
Kentucky	7.12	8.25	8.12	0.00	3.50	2.34	0.00	1.75	1.17	7.12	10.00	9.29	7.12	13.50	11.63
Louisiana	8.25	8.25	8.25	0.00	3.50	0.00	0.00	1.75	0.00	8.25	10.00	8.25	8.25	13.50	8.25
Maine	6.50	8.25	8.15	0.00	3.50	3.50	0.00	1.75	1.75	6.50	10.00	9.90	6.50	13.50	13.40
Maryland	7.42	8.25	7.42	0.84	3.50	3.50	0.42	1.75	1.75	7.84	10.00	9.17	8.68	13.50	12.67
Massachusetts	8.13	8.25	8.13	3.50	3.50	3.50	1.75	1.75	1.75	9.88	10.00	9.88	13.38	13.50	13.38
Michigan	7.09	8.25	7.29	0.00	3.50	1.99	0.00	1.75	0.99	7.09	10.00	8.28	7.09	13.50	10.27
Minnesota	6.65	8.25	7.15	0.00	3.50	1.54	0.00	1.75	0.77	6.65	10.00	7.92	6.65	13.50	9.46
Mississippi	8.25	8.25	8.25	0.00	3.50	3.35	0.00	1.75	1.67	8.25	10.00	9.92	8.25	13.50	13.27
Missouri	6.50	8.25	8.04	0.00	1.16	0.77	0.00	0.58	0.39	6.50	8.83	8.43	6.50	9.99	9.20
Montana	8.23	8.25	8.24	0.00	3.50	2.93	0.00	1.75	1.47	8.23	10.00	9.70	8.23	13.50	12.64
Nebraska	6.17	8.25	7.05	0.00	3.50	3.44	0.00	1.75	1.72	6.17	10.00	8.77	6.17	13.50	12.21
Nevada	5.55	8.25	6.15	0.00	3.50	2.95	0.00	1.75	1.47	5.55	10.00	7.63	5.55	13.50	10.57
New Hampshire	8.13	8.25	8.14	0.00	0.00	0.00	0.00	0.00	0.00	8.13	8.25	8.14	8.13	8.25	8.14
New Jersey	7.02	8.25	8.00	0.00	3.46	3.43	0.00	1.73	1.72	7.02	9.98	9.72	7.02	13.44	13.15
New Mexico	8.25	8.25	8.25	0.00	3.50	3.32	0.00	1.75	1.66	8.25	10.00	9.91	8.25	13.50	13.22
New York	6.17	8.25	8.02	0.00	3.50	3.22	0.00	1.75	1.61	6.17	10.00	9.63	6.17	13.50	12.86
North Carolina	7.41	8.25	7.92	0.00	3.50	3.49	0.00	1.75	1.75	7.41	10.00	9.67	7.41	13.50	13.16
North Dakota	1.75	8.25	8.24	0.00	3.50	1.84	0.00	1.75	0.92	1.75	10.00	9.17	1.75	13.50	11.01
N. Marianna Islands	8.25	8.25	8.25	0.00	0.00	0.00	0.00	0.00	0.00	8.25	8.25	8.25	8.25	8.25	8.25
Ohio	7.12	8.25	7.35	0.00	3.50	3.31	0.00	1.75	1.65	7.12	10.00	9.01	7.12	13.50	12.31
Oklahoma	6.96	8.25	7.18	0.00	3.50	0.55	0.00	1.75	0.28	6.96	10.00	7.45	6.96	13.50	8.01
Oregon	7.75	8.25	8.24	0.00	3.50	3.47	0.00	1.75	1.74	7.75	10.00	9.97	7.75	13.50	13.45
Pennsylvania	5.44	8.25	7.80	0.00	0.00	0.94	0.00	0.00	0.47	5.44	8.25	8.27	5.44	8.25	9.21
Puerto Rico	8.25	8.25	8.25	3.36	3.50	3.37	1.68	1.75	1.68	9.93	10.00	9.93	13.29	13.50	13.30
Rhode Island	8.13	8.19	8.13	0.00	3.50	3.38	0.00	1.75	1.69	8.13	9.94	9.82	8.13	13.44	13.20
South Carolina	6.97	8.25	8.22	0.00	3.50	3.49	0.00	1.75	1.74	6.97	10.00	9.97	6.97	13.50	13.45
South Dakota	6.50	8.25	8.20	0.00	1.76	0.03	0.00	0.88	0.01	6.50	9.13	8.22	6.50	10.89	8.25
Tennessee	6.82	8.25	8.12	0.00	3.50	3.12	0.00	1.75	1.56	6.82	10.00	9.68	6.82	13.50	12.79
Texas	5.25	8.25	7.15	0.00	3.50	3.42	0.00	1.75	1.71	5.25	10.00	8.87	5.25	13.50	12.29
Utah	8.08	8.25	8.10	0.00	3.50	3.50	0.00	1.75	1.75	8.08	10.00	9.85	8.08	13.50	13.35
Vermont	8.13	8.25	8.16	0.00	3.50	3.50	0.00	1.75	1.75	8.13	10.00	9.91	8.13	13.50	13.41
Virgin Islands	8.25	8.25	8.25	3.50	3.50	3.50	1.75	1.75	1.75	10.00	10.00	10.00	13.50	13.50	13.50
Virginia	6.62	8.25	7.47	1.76	3.50	3.26	0.88	1.75	1.63	7.50	10.00	9.10	9.26	13.50	12.35
Washington	6.97	8.25	7.82	0.00	3.50	1.92	0.00	1.75	0.96	6.97	10.00	8.78	6.97	13.50	10.70
West Virginia	8.25	8.25	8.25	0.00	3.50	2.75	0.00	1.75	1.37	8.25	10.00	9.62	8.25	13.50	12.37
Wisconsin	6.81	8.25	7.25	0.00	3.50	1.23	0.00	1.75	0.61	6.81	10.00	7.86	6.81	13.50	9.08
Wyoming	8.16	8.25	8.20	3.32	3.50	3.40	1.66	1.75	1.70	9.82	10.00	9.90	13.14	13.50	13.30
Nationwide	\$1.75	\$8.25	\$7.23	\$0.00	\$3.50	\$2.59	\$0.00	\$1.75	\$1.29	\$1.75	\$10.00	\$8.52	\$1.75	\$13.50	\$11.10

Notes: This table reflects only non-tribal support. All averages are weighted averages.

¹ Basic federal support includes both Tier 1 and Tier 2 support. See text for definitions.

² Includes only state support that is matched by federal support.

Source: Universal Service Administrative Company.

Table 19.8
Lifeline Subscribers and Link-Up Beneficiaries

Year	Lifeline			Link-Up		
	Non-Tribal	Tribal	Total	Non-Tribal	Tribal	Total
1987			1,063,443			7,953
1988			1,828,862			105,758
1989			2,115,288			206,656
1990			2,466,513			513,155
1991			2,984,290			639,645
1992			3,440,216			743,285
1993			3,971,937			737,362
1994			4,423,119			837,964
1995			4,914,056			823,679
1996			5,233,425			808,354
1997 ¹			5,110,537			NA
1998			5,380,726			2,195,417
1999			5,640,094			1,834,766
2000	5,871,619	18,692	5,890,311	1,689,867	2,038	1,691,905
2001	6,144,089	56,820	6,200,909	1,670,260	23,355	1,693,615
2002	6,518,367	112,191	6,630,558	1,656,768	29,901	1,686,669
2003	6,490,614	147,203	6,637,817	1,653,301	22,289	1,675,590
2004	6,792,695	176,390	6,969,085	1,669,888	41,034	1,710,922
2005 ²	6,883,048	236,458	7,119,506	1,653,101	86,857	1,739,958

NA - Not Available.

¹ Subscriber data were not collected in 1997. Lifeline subscribership data were estimated by USAC.

² The reported subscribers and beneficiaries represent USAC data for the time period January 2005 through December 2005, which include true-ups for Lifeline subscribers and Link-Up beneficiaries through March 2006.

Source: Universal Service Administrative Company.

Table 19.9
Lifeline Subscribers and Link-Up Beneficiaries by State: 2005

	Lifeline			Link-Up		
	Non-Tribal	Tribal	Total	Non-Tribal	Tribal	Total
Alabama	26,948	7	26,955	1,670	0	1,670
Alaska	1,891	23,906	25,797	0	17,725	17,725
American Samoa	594	0	594	37	0	37
Arizona	28,810	45,006	73,816	3,748	7,871	11,619
Arkansas	23,629	1	23,630	6,306	0	6,306
California	3,103,682	435	3,104,117	956,578	9	956,587
Colorado	29,291	8	29,299	710	0	710
Connecticut	53,459	0	53,459	4,709	0	4,709
Delaware	2,587	0	2,587	478	0	478
District of Columbia	10,675	0	10,675	435	0	435
Florida	151,332	1	151,333	13,409	0	13,409
Georgia	69,005	0	69,005	8,671	0	8,671
Guam	3,513	0	3,513	945	0	945
Hawaii	6,882	0	6,882	548	0	548
Idaho	31,756	290	32,046	1,511	10	1,521
Illinois	107,187	0	107,187	49,996	0	49,996
Indiana	56,461	0	56,461	25,100	0	25,100
Iowa	61,184	3	61,187	20,635	0	20,635
Kansas	27,542	25	27,567	3,859	0	3,859
Kentucky	64,751	0	64,751	11,101	0	11,101
Louisiana	22,193	2	22,195	2,594	0	2,594
Maine	70,555	402	70,957	16,383	27	16,410
Maryland	4,561	0	4,561	851	0	851
Massachusetts	119,899	2	119,901	1,289	0	1,289
Michigan	109,711	263	109,974	21,309	34	21,343
Minnesota	59,965	921	60,886	8,095	185	8,280
Mississippi	28,488	2	28,490	4,132	4	4,136
Missouri	49,498	10	49,508	9,931	0	9,931
Montana	11,455	4,045	15,500	836	1,299	2,135
Nebraska	21,460	281	21,741	2,360	27	2,387
Nevada	43,146	165	43,311	6,925	1	6,926
New Hampshire	6,449	0	6,449	147	0	147
New Jersey	128,151	0	128,151	2,777	0	2,777
New Mexico	49,748	12,322	62,070	4,569	5,934	10,503
New York	427,148	20	427,168	34,246	0	34,246
North Carolina	124,161	5	124,166	5,571	0	5,571
North Dakota	15,650	6,085	21,735	3,150	1,753	4,903
Northern Mariana Islands	760	0	760	1,477	0	1,477
Ohio	313,460	0	313,460	54,012	0	54,012
Oklahoma	13,413	117,435	130,848	16,605	39,138	55,743
Oregon	54,328	392	54,720	21,998	423	22,421
Pennsylvania	160,408	0	160,408	32,233	0	32,233
Puerto Rico	108,022	0	108,022	15,320	0	15,320
Rhode Island	38,836	0	38,836	206	0	206
South Carolina	23,745	9	23,754	2,968	0	2,968
South Dakota	12,631	15,354	27,985	6,163	7,520	13,683
Tennessee	53,284	0	53,284	4,332	0	4,332
Texas	652,013	593	652,606	123,746	0	123,746
Utah	22,970	295	23,265	2,175	95	2,270
Vermont	24,283	0	24,283	1,292	0	1,292
Virgin Islands	368	0	368	34	0	34
Virginia	20,150	0	20,150	2,311	0	2,311
Washington	132,461	7,495	139,956	94,273	4,322	98,595
West Virginia	5,781	2	5,783	985	0	985
Wisconsin	85,146	218	85,364	30,303	198	30,501
Wyoming	7,572	458	8,030	7,057	282	7,339
Industry Totals	6,883,048	236,458	7,119,506	1,653,101	86,857	1,739,958

The reported subscribers and beneficiaries represent USAC data for the time period January 2005 through December 2005, which include true-ups for Lifeline subscribers and Link-Up beneficiaries through March 2006.

Source: Universal Service Administrative Company.

Table 19.10
Low-Income Support Payments
(In Thousands of Dollars)

Year	Lifeline					Link-Up			Total
	Non-Tribal	Tribal	TLS ¹	PICCs ²	Total	Non-Tribal	Tribal	Total	
1988	\$31,952	\$0	\$0	\$0	\$31,952	\$1,991	\$0	\$1,991	\$33,943
1989	50,878	0	0	0	50,878	4,480	0	4,480	55,358
1990	62,464	0	0	0	62,464	11,351	0	11,351	73,815
1991	79,104	0	0	0	79,104	13,705	0	13,705	92,809
1992	93,766	0	0	0	93,766	15,342	0	15,342	109,108
1993	109,083	0	0	0	109,083	17,019	0	17,019	126,102
1994	123,284	0	0	0	123,284	18,573	0	18,573	141,857
1995	137,277	0	0	0	137,277	18,392	0	18,392	155,670
1996	148,186	0	0	0	148,186	18,247	0	18,247	166,433
1997	147,579	0	0	0	147,579	13,711	0	13,711	161,290
1998	416,504	0	2,700	2,802	422,006	42,463	0	42,463	464,469
1999	438,576	0	3,136	4,450	446,162	33,991	0	33,991	480,153
2000	482,045	508	2,854	3,168	488,575	30,371	62	30,433	519,007
2001	548,421	6,960	3,195	0	558,576	30,314	480	30,794	589,370
2002	623,352	17,955	3,780	0	645,087	30,323	707	31,031	676,117
2003	657,099	24,167	4,428	0	685,694	30,171	526	30,697	716,391
2004	695,217	30,503	5,114	0	730,835	30,904	1,239	32,142	762,977
2005	717,720	45,642	6,220	0	769,583	31,741	2,558	34,299	803,882

Note: Support payments reported in this table include all low income support disbursed based on commitments for a given year, including all true-ups through March 2006. Support payments reported for 2005 in Tables 19.2, 19.3 and 19.12 report disbursements for 2005, regardless of the year of the commitments.

¹ TLS is an abbreviation for toll limitation service.

² Carriers no longer charge residential Presubscribed Interexchange Access Charges (PICCs) as of July 1, 2000.

Source: Universal Service Administrative Company.

Chart 19.5
Lifeline and Link-Up Support Payments

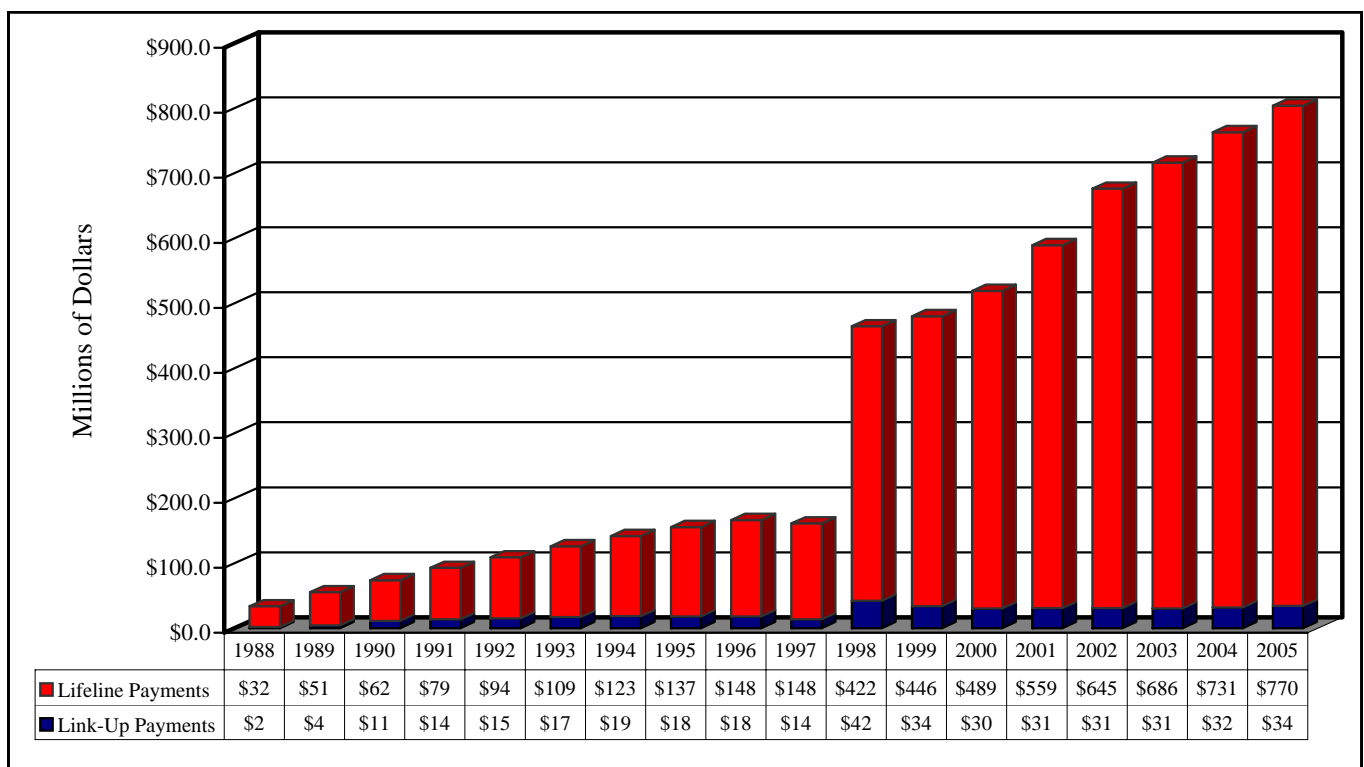


Table 19.11
Low-Income Support Payments by State: 2005
(In Thousands of Dollars)

	Lifeline				Link-Up			Total
	Non-Tribal	Tribal	TLS	Total	Non-Tribal	Tribal	Total	
Alabama	\$3,192	\$0	\$6	\$3,198	\$30	\$0	\$30	\$3,229
Alaska	3,283	3,715	43	7,041	0	332	332	7,373
American Samoa	59	0	0	59	1	0	1	60
Arizona	8,502	11,753	67	20,322	87	156	243	20,565
Arkansas	2,212	0	4	2,216	129	0	129	2,345
California	284,118	28	3,079	287,225	17,295	0	17,295	304,520
Colorado	3,500	1	9	3,510	12	0	12	3,523
Connecticut	5,170	0	4	5,174	141	0	141	5,315
Delaware	254	0	0	254	7	0	7	261
District of Columbia	941	0	0	941	5	0	5	945
Florida	17,466	0	30	17,496	316	0	316	17,812
Georgia	8,167	0	28	8,195	211	0	211	8,405
Guam	422	0	0	422	17	0	17	438
Hawaii	680	0	1	681	12	0	12	693
Idaho	3,817	59	16	3,892	23	0	23	3,916
Illinois	8,563	0	1	8,564	1,080	0	1,080	9,644
Indiana	5,103	0	2	5,105	602	0	602	5,707
Iowa	5,366	1	252	5,619	462	0	462	6,081
Kansas	3,006	2	46	3,054	68	0	68	3,122
Kentucky	7,197	0	97	7,295	238	0	238	7,532
Louisiana	2,054	0	3	2,058	52	0	52	2,110
Maine	8,414	33	14	8,461	358	1	359	8,820
Maryland	502	0	0	502	20	0	20	522
Massachusetts	14,226	0	1	14,227	9	0	9	14,236
Michigan	10,925	48	8	10,982	437	0	437	11,419
Minnesota	5,671	108	71	5,850	152	4	156	6,006
Mississippi	3,309	1	4	3,314	93	0	93	3,407
Missouri	5,099	0	132	5,231	178	0	178	5,409
Montana	1,795	784	17	2,596	11	21	32	2,628
Nebraska	2,321	50	7	2,378	36	1	37	2,414
Nevada	3,964	12	15	3,990	117	0	117	4,107
New Hampshire	631	0	0	631	3	0	3	634
New Jersey	14,956	0	3	14,959	59	0	59	15,018
New Mexico	7,393	3,018	36	10,447	78	115	193	10,640
New York	49,244	2	16	49,262	881	0	881	50,143
North Carolina	14,375	1	28	14,403	118	0	118	14,522
North Dakota	2,352	1,300	17	3,669	57	91	148	3,817
Northern Mariana Islands	75	0	0	75	9	0	9	84
Ohio	33,868	0	38	33,906	930	0	930	34,837
Oklahoma	11,964	18,550	215	30,728	363	1,177	1,540	32,268
Oregon	6,563	72	346	6,981	336	40	376	7,357
Pennsylvania	15,762	0	0	15,762	947	0	947	16,709
Puerto Rico	12,875	0	0	12,875	372	0	372	13,247
Rhode Island	4,571	0	2	4,573	3	0	3	4,576
South Carolina	2,795	1	16	2,812	53	0	53	2,865
South Dakota	2,658	3,816	61	6,535	121	470	591	7,125
Tennessee	6,064	0	9	6,073	77	0	77	6,150
Texas	69,872	14	149	70,035	2,365	0	2,365	72,400
Utah	2,754	35	25	2,814	30	2	32	2,846
Vermont	2,860	0	4	2,864	18	0	18	2,882
Virgin Islands	50	0	0	50	1	0	1	51
Virginia	2,219	0	2	2,221	55	0	55	2,276
Washington	14,852	2,094	1,138	18,083	1,727	118	1,845	19,929
West Virginia	667	0	1	668	18	0	18	687
Wisconsin	8,048	34	3	8,086	762	3	765	8,851
Wyoming	955	109	152	1,216	160	25	185	1,401
Industry Totals	\$717,720	\$45,642	\$6,220	\$769,583	\$31,741	\$2,558	\$34,299	\$803,882

Note: Support payments reported in this table include all low income support disbursed for January through December 2005, including true-ups through March 2006. It does not include true-ups for years prior to 2005. Support payments reported in Tables 19.2 and 19.3 include true-ups for prior years.

Source: Universal Service Administrative Company.

Table 19.12
Low-Income Support Received by ILECs and CETCs
(In Millions of Dollars)

	ILECs	CETCs	Total	Percent CETCs
1996	\$166	\$0	\$166	0.0 %
1997	161	0	161	0.0
1998	464	0	464	0.0
1999	480	0	480	0.0
2000	519	0	519	0.0
2001	587	2	589	0.3
2002	664	12	676	1.8
2003	692	25	716	3.5
2004	723	40	763	5.3
2005	737	71	809	8.8

Notes: ILECs is an abbreviation for incumbent local exchange carriers. CETCs is an abbreviation for competitive eligible telecommunications carriers. CETCs include both wireless and wireline carriers.
 Source: Universal Service Administrative Company.

Chart 19.6
Percent of Low-Income Support Received by CETCs

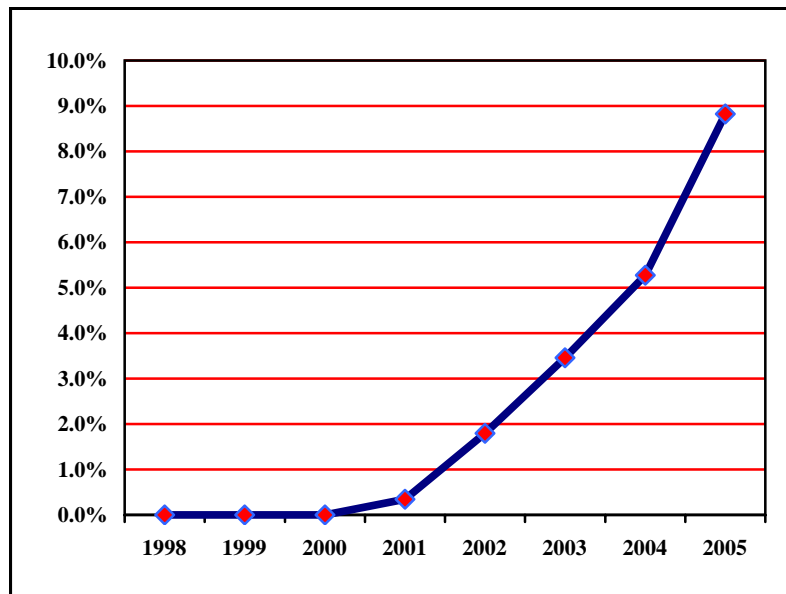


Table 19.13
Schools and Libraries Funding by Type of Service
(Funds Committed and Disbursed Through December 31, 2005)¹

Funding Period	Internal Connections		Internet Access		Telecommunications		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Jan-98 to Jun-99	\$886,134,476	\$797,866,786	\$134,170,437	\$94,912,607	\$675,960,835	\$507,781,656	\$1,696,265,747	\$1,400,561,050
Jul-99 to Jun-00	1,365,903,855	1,109,011,630	149,548,801	95,838,059	635,087,482	454,006,675	2,150,540,138	1,658,856,364
Jul-00 to Jun-01	1,136,768,097	1,035,011,680	219,141,763	135,103,250	719,009,102	480,394,213	2,074,918,962	1,650,509,143
Jul-01 to Jun-02	1,205,943,128	1,002,430,636	226,407,211	149,994,699	769,210,484	521,804,531	2,201,560,822	1,674,229,866
Jul-02 to Jun-03	1,116,620,674	766,598,469	248,606,163	172,014,250	852,828,167	592,804,382	2,218,055,003	1,531,417,101
Jul-03 to Jun-04	1,517,488,781	1,009,071,904	267,056,541	194,591,595	885,594,684	634,926,942	2,670,140,006	1,838,590,441
Jul-04 to Jun-05	1,112,568,680	463,759,713	236,206,267	179,215,004	949,566,223	623,957,927	2,298,341,171	1,266,932,644
Jul-05 to Jun-06	500,183,649	45,123,606	246,326,299	85,796,939	886,541,911	144,084,604	1,633,051,858	275,005,149

¹ Because of the appeals process, funding commitments and disbursements can be made after the program years' end.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau, FCC.

Chart 19.7
Total Schools and Libraries Funds Committed and Disbursed

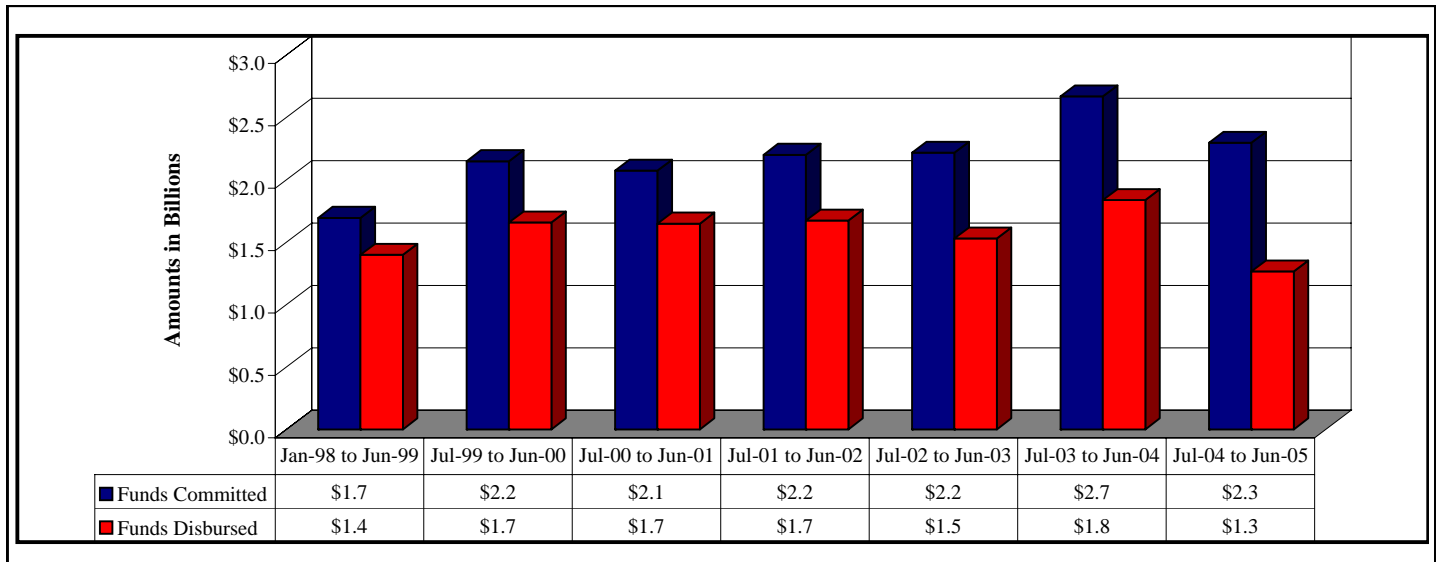


Table 19.14
Schools and Libraries Funding by State and by Type of Service
(Funding Period: July 1, 2004 Through June 30, 2005
Activity Through December 31, 2005) ¹

State/Territory	Internal Connections		Internet Access		Telecom. and Dedicated		Totals	
	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed	Funds Committed	Funds Disbursed
Alabama	\$6,703,236	\$4,327,378	\$8,050,750	\$7,611,414	\$11,218,315	\$8,891,527	\$25,972,301	\$20,830,318
Alaska	1,376,586	614,712	7,849,887	5,864,928	9,053,008	7,784,544	18,279,481	14,264,184
American Samoa	2,117,928	2,055,182	0	0	76,647	46,406	2,194,574	2,101,587
Arizona	34,643,093	15,156,542	7,966,946	6,086,312	14,622,260	9,020,286	57,232,298	30,263,140
Arkansas	2,329,767	1,090,735	537,082	155,817	15,273,926	10,969,730	18,140,776	12,216,282
California	136,654,341	63,224,587	16,320,504	10,058,281	113,120,900	54,782,953	266,095,745	128,065,821
Colorado	13,267,858	9,842,505	1,953,952	1,143,718	8,414,713	6,081,235	23,636,523	17,067,458
Connecticut	14,392,969	4,103,482	2,877,086	2,295,318	15,248,864	9,628,682	32,518,920	16,027,482
Delaware	0	0	46,832	29,024	414,880	346,546	461,712	375,570
District of Columbia	402,450	291,898	280,916	44,456	9,682,776	2,016,284	10,366,143	2,352,637
Florida	22,996,966	4,200,522	10,801,438	9,193,900	43,462,892	31,550,007	77,261,296	44,944,429
Georgia	31,810,232	14,988,827	6,552,086	4,942,533	29,596,453	23,220,850	67,958,772	43,152,210
Guam	3,965,495	2,723,337	409,948	408,408	1,351,205	672,088	5,726,648	3,803,833
Hawaii	181,246	88,020	496,305	226,058	2,514,788	1,225,169	3,192,339	1,539,247
Idaho	379,188	230,323	990,216	691,674	2,319,034	1,563,413	3,688,438	2,485,410
Illinois	68,588,208	9,263,600	2,405,428	1,534,229	32,895,356	22,246,076	103,888,992	33,043,905
Indiana	3,396,200	780,383	1,811,746	1,329,926	12,665,415	9,683,065	17,873,360	11,793,373
Iowa	203,114	102,148	1,802,878	1,377,289	12,153,233	8,391,018	14,159,225	9,870,455
Kansas	2,342,362	1,944,579	3,723,838	2,463,411	9,306,323	6,953,012	15,372,524	11,361,002
Kentucky	13,303,737	7,722,459	2,838,511	1,557,203	16,818,852	10,324,820	32,961,100	19,604,482
Louisiana	22,564,581	10,681,737	5,501,026	4,764,549	17,860,916	12,823,332	45,926,523	28,269,618
Maine	204,375	191,437	1,248,831	1,054,196	5,754,741	4,159,210	7,207,946	5,404,842
Maryland	5,438,207	1,702,270	1,426,520	892,082	17,411,748	6,879,911	24,276,474	9,474,263
Massachusetts	7,311,073	5,144,994	4,545,195	3,426,790	13,735,514	9,585,196	25,591,783	18,156,981
Michigan	15,354,270	7,279,737	7,544,456	6,043,905	27,241,416	13,872,306	50,140,142	27,195,948
Minnesota	4,145,814	3,527,993	4,555,356	3,117,550	13,620,675	10,380,611	22,321,845	17,026,155
Mississippi	19,959,356	12,398,310	1,862,769	1,494,272	21,507,301	14,432,866	43,329,427	28,325,449
Missouri	15,474,788	12,130,271	2,981,003	2,601,496	18,575,183	14,306,701	37,030,974	29,038,468
Montana	1,274,093	1,011,810	875,930	686,340	2,417,230	1,823,851	4,567,253	3,522,001
Nebraska	246,211	40,320	1,089,655	836,416	6,383,817	5,588,154	7,719,683	6,464,890
Nevada	925,444	36,000	250,404	209,854	2,861,988	2,449,279	4,037,835	2,695,134
New Hampshire	311,998	155,189	504,184	350,128	1,471,124	1,009,111	2,287,306	1,514,428
New Jersey	17,236,739	7,962,188	4,440,072	3,081,339	25,181,982	18,415,891	46,858,792	29,459,418
New Mexico	23,176,689	10,432,537	3,194,948	1,639,337	9,805,975	4,394,096	36,177,612	16,465,970
New York	240,378,886	75,230,635	12,328,626	7,911,619	101,883,373	59,660,962	354,590,886	142,803,216
North Carolina	12,205,755	6,737,352	11,014,222	9,478,478	19,951,059	16,218,583	43,171,035	32,434,413
North Dakota	724,854	512,968	222,832	218,397	3,258,396	2,918,364	4,206,082	3,649,728
Northern Mariana Islands	898,708	817,341	374,579	352,899	715,521	195,565	1,988,807	1,365,806
Ohio	15,226,307	6,540,042	15,342,411	13,700,841	33,925,204	28,159,618	64,493,922	48,400,500
Oklahoma	30,059,807	22,269,461	8,184,828	6,130,772	14,095,425	10,001,269	52,340,060	38,401,502
Oregon	1,520,659	1,142,341	3,244,905	2,280,571	10,327,079	7,364,304	15,092,642	10,787,217
Pennsylvania	33,920,266	20,109,504	10,196,842	8,437,429	33,973,461	25,978,115	78,090,569	54,525,048
Puerto Rico	470,690	58,464	1,310,182	543,810	668,239	167,475	2,449,110	769,749
Rhode Island	2,203,632	1,483,171	596,321	464,795	3,353,968	2,834,640	6,153,921	4,782,606
South Carolina	18,672,092	8,695,345	967,307	604,120	20,513,829	15,932,519	40,153,227	25,231,984
South Dakota	2,207,215	1,211,018	361,280	223,852	3,802,213	3,139,492	6,370,709	4,574,362
Tennessee	6,962,884	2,827,443	24,630,644	20,392,705	13,070,805	11,303,609	44,664,332	34,523,757
Texas	238,444,045	91,062,881	15,607,402	11,071,605	69,536,347	47,720,301	323,587,795	149,854,786
Utah	1,203,517	765,176	1,566,319	856,537	13,871,574	4,319,685	16,641,411	5,941,398
Vermont	5,767	3,560	502,161	357,731	1,180,650	820,556	1,688,579	1,181,846
Virgin Islands	3,964,972	1,476,812	1,940,323	1,371,822	659,077	591,952	6,564,372	3,440,586
Virginia	2,382,440	1,695,581	4,858,570	3,651,840	19,894,597	16,903,712	27,135,608	22,251,133
Washington	5,011,747	3,582,279	1,628,808	1,088,435	13,363,145	7,845,019	20,003,700	12,515,733
West Virginia	1,390,755	487,356	679,973	480,521	6,876,280	5,341,565	8,947,009	6,309,442
Wisconsin	1,924,927	1,501,583	2,866,429	2,345,374	19,861,462	10,564,808	24,652,817	14,411,765
Wyoming	110,141	103,390	44,607	38,697	745,068	457,588	899,816	599,675
Totals	\$1,112,568,680	\$463,759,713	\$236,206,267	\$179,215,004	\$949,566,223	\$623,957,927	\$2,298,341,171	\$1,266,932,644

¹ Because of the appeals process, funding commitments have been made after the program year ended on June 30, 2005.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau, FCC.

Table 19.15
Rural Health Care Fund Disbursements by Service Speed
(Activity Through December 31, 2005) ¹

Funding Period	Voice Grade ²	Broadband ²		Other Service or Speed Unknown ²	Total
	56 kbps to 199 kbps	200 kbps to 1.49 Mbps	1.5 Mbps and Faster		
Jan-98 to Jun-99	\$202,778	\$880,375	\$2,292,252	\$0	\$3,375,405
Jul-99 to Jun-00	452,992	1,073,816	2,719,619	58,132	4,304,559
Jul-00 to Jun-01	613,595	3,015,004	6,685,573	0	10,314,172
Jul-01 to Jun-02	319,539	8,110,537	10,125,267	0	18,555,343
Jul-02 to Jun-03	423,756	10,639,476	10,405,314	0	21,468,545
Jul-03 to Jun-04	469,172	10,913,686	13,076,176	7,559	24,466,593
Jul-04 to Jun-05	518,231	6,657,441	13,555,208	459,502	21,190,382
Jul-05 to Jun-06	862	1,905,766	2,048,694	48,869	4,004,191

¹ Because of the appeals process, funding commitments and disbursements can be made after the program year's end.

² USAC data contain a short description of the services the health care providers receive. These service descriptions are rolled up into the categories above. Some inferences were made when service speed was not clearly indicated. For example, frame relay was assumed to be broadband in the range of 200 kbps to 1.5 Mbps, even though some frame relay service speeds may be faster.

Source: USAC data. Rollups performed by the Industry Analysis and Technology Division staff, Wireline Competition Bureau, FCC.

Chart 19.8
Rural Health Care Fund Disbursements by Service Speed

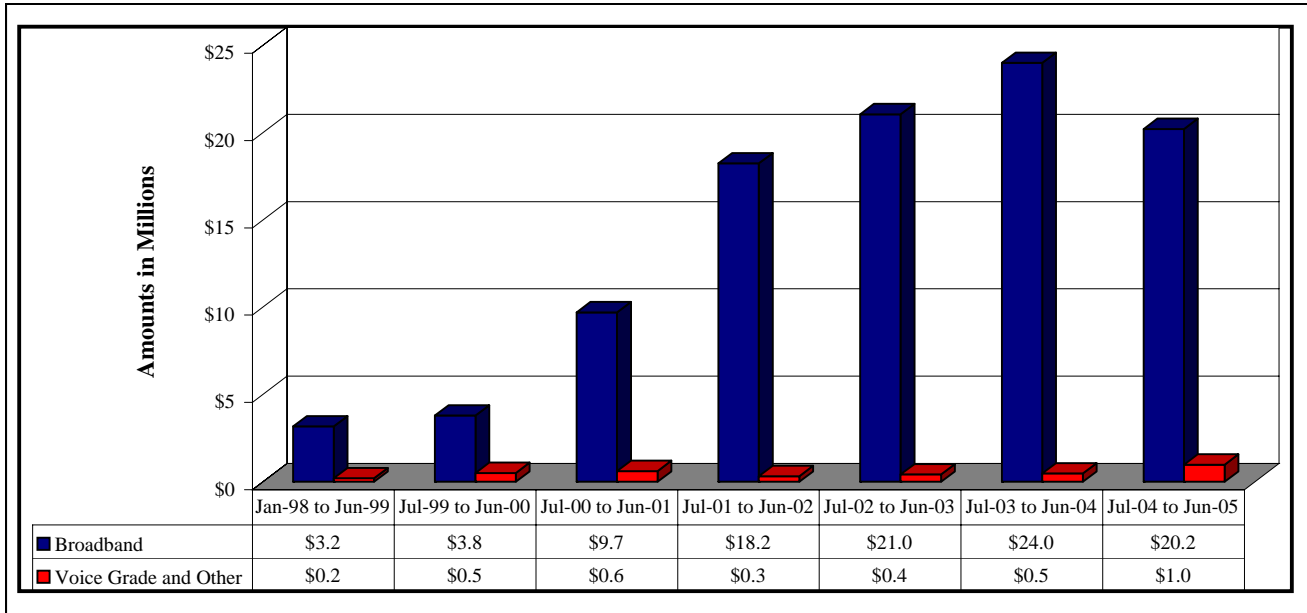


Table 19.16
Rural Health Care Fund Disbursements by Service Speed and by State
(Funding Period: July 1, 2004 Through June 30, 2005
Activity Through December 31, 2005) ¹

State	Voice Grade ²	Broadband ²		Other Service or Speed Unknown ²	Total
	56 kbps to 199 kbps	200 kbps to 1.49 Mbps	1.5 Mbps and Faster		
Alabama	\$0	\$724	\$15,883	\$0	\$16,608
Alaska	1,325	5,172,752	6,326,628	43,993	11,544,698
American Samoa	0	0	0	0	0
Arizona	0	73,397	341,833	8,249	423,479
Arkansas	3,160	20,166	55,185	3,817	82,327
California	170,734	10,467	154,687	4,495	340,384
Colorado	16,168	0	105,280	0	121,448
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
District of Columbia	0	0	0	0	0
Florida	0	4,380	150,830	0	155,210
Georgia	0	30,150	125,497	3,310	158,956
Guam	0	0	228,233	6,586	234,819
Hawaii	0	24,654	43,221	4,017	71,892
Idaho	0	10,013	269,109	31,931	311,054
Illinois	0	0	123,495	0	123,495
Indiana	22,266	19,410	125,639	5,900	173,215
Iowa	0	0	0	0	0
Kansas	11,461	19,685	189,453	5,251	225,850
Kentucky	0	244,245	484,179	98,136	826,560
Louisiana	0	0	0	0	0
Maine	21,565	6,189	2,802	894	31,450
Maryland	0	0	0	0	0
Massachusetts	0	0	0	0	0
Michigan	5,741	21,479	478,522	20,241	525,983
Minnesota	2,952	108,985	653,028	53,619	818,583
Mississippi	0	3,980	124,830	0	128,810
Missouri	0	6,768	70,141	8,419	85,329
Montana	0	33,072	459,794	1,279	494,145
Nebraska	0	45,704	673,568	14,671	733,942
Nevada	0	0	0	0	0
New Hampshire	0	0	2,483	0	2,483
New Jersey	0	0	0	0	0
New Mexico	0	41,346	64,379	2,248	107,972
New York	1,975	0	4,099	0	6,074
North Carolina	0	3,707	11,980	0	15,687
North Dakota	10,715	191,236	275,196	6,264	483,411
Northern Mariana Islands	0	0	0	0	0
Ohio	0	0	73,512	19,560	93,072
Oklahoma	0	58,868	10,640	0	69,508
Oregon	0	0	18,994	0	18,994
Pennsylvania	5,237	147	35,746	10,163	51,293
Puerto Rico	0	0	0	0	0
Rhode Island	0	0	0	0	0
South Carolina	0	23,990	14,538	0	38,528
South Dakota	4,859	27,827	409,676	662	443,024
Tennessee	0	37,029	14,905	940	52,874
Texas	0	0	2,532	2,095	4,628
Utah	0	120,497	283,471	522	404,490
Vermont	0	6,377	13,492	8,104	27,973
Virgin Islands	1,987	0	94,481	7,763	104,232
Virginia	0	118,384	176,968	1,882	297,235
Washington	0	0	43,113	350	43,463
West Virginia	4,095	12,457	51,243	677	68,473
Wisconsin	233,991	119,506	692,711	83,312	1,129,520
Wyoming	0	39,852	59,214	150	99,216
Totals	\$518,231	\$6,657,441	\$13,555,208	\$459,502	\$21,190,382

¹ Because of the appeals process, funding commitments have been made after the program year ended on June 30, 2005.

² USAC data contain a short description of the services the health care providers receive. These service descriptions are rolled up into the categories above. Some inferences were made when service speed was not clearly indicated. For example, frame relay was assumed to be broadband in the range of 200 kbps to 1.5 Mbps, even though some frame relay service speeds may be faster.

Table 19.17
Universal Service Fund Contribution Factors

Year	Quarter	Factors for Interstate End-User Revenues	Factors for Intrastate End-User Revenues ¹
1998	First Quarter	3.19 %	0.72 %
	Second Quarter	3.14	0.76
	Third Quarter	3.14	0.75
	Fourth Quarter	3.18	0.75
1999	First Quarter	3.18	0.58
	Second Quarter	3.05	0.57
	Third Quarter	2.94	0.99
	Fourth Quarter	2.887	1.10
2000	First Quarter	5.8770	
	Second Quarter	5.7101	
	Third Quarter	5.5360	
	Fourth Quarter	5.6688	
2001	First Quarter	6.6827	
	Second Quarter	6.8823	
	Third Quarter	6.8941	
	Fourth Quarter	6.9187	
2002	First Quarter	6.8086	
	Second Quarter	7.2805	
	Third Quarter ³	7.2805	
	Fourth Quarter	7.2805	
2003	First Quarter	7.2805	
	Second Quarter ⁴	9.1	
	Third Quarter	9.5	
	Fourth Quarter	9.2	
2004	First Quarter	8.7	
	Second Quarter	8.7	
	Third Quarter	8.9	
	Fourth Quarter	8.9	
2005	First Quarter	10.7	
	Second Quarter	11.1	
	Third Quarter	10.2	
	Fourth Quarter	10.2	
2006	First Quarter	10.2	
	Second Quarter	10.9	
	Third Quarter	10.5	
	Fourth Quarter	9.1	
2007	First Quarter	9.7	

¹ Initially, contributions for the schools and libraries and rural health care support mechanisms were based on interstate, international, and intrastate end-user telecommunications revenues, while contributions for high-cost and low-income support mechanisms were based on interstate and international end-user telecommunications revenues. *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9200-05 (1997). Following a decision by the United States Court of Appeals for the Fifth Circuit, the Commission established a single contribution base for all universal service support mechanisms based on interstate and international revenues. *See Federal-State Joint Board on Universal Service, Access Charge Reform*, Sixteenth Order on Reconsideration and Eighth Report and Order in CC Docket No. 96-45 and Sixth Report and Order in CC Docket No. 96-262, 15 FCC Rcd 1679, 1685-86, para. 15 (1999) (*Eighth Report and Order*).

² Consistent with the Eighth Report and Order, the Wireline Competition Bureau (formerly Common Carrier Bureau) issued a single universal service contribution factor for November and December 1999. Effective November 1, 1999, this single contribution factor superseded the fourth quarter 1999 contribution factors previously announced by the Bureau on September 10, 1999. *See Proposed Fourth Quarter 1999 Universal Service Contribution Factors*, CC Docket No. 96-45, Public Notice, DA 99-2109 (Com. Car. Bur., rel. Oct. 8, 1999); *See Proposed Fourth Quarter 1999 Universal Service Contribution Factors*, CC Docket No. 96-45, Public Notice, DA 99-1857 (Com. Car. Bur., rel. Sept. 10, 1999).

³ In the Schools First Report and Order, the Commission concluded that unused funds from the schools and libraries support mechanism would be applied to stabilize the collection requirement for universal service for the third and fourth quarters of 2002, and the first quarter of 2003, as necessary. (*See Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 2-6, First Report and Order, 17 FCC Rcd 11521 (2002).

⁴ Beginning with the second quarter of 2003, carriers contribute based on projected, collected, end-user interstate and international telecommunications revenues. Previously, carriers contributed based on historical, gross-billed revenues. The Commission also released an Order and Second Order on Reconsideration, which, inter alia, directed the Wireline Competition Bureau to announce the universal service contribution factor as a percentage rounded up to the nearest tenth of one percent. (*See Federal Joint Board on Universal Service, 1998 Biennial Regulatory Review - Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, Order and Second Order on Reconsideration, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, FCC 03-58 (rel. March 14, 2003), at para. 22.)

Source: Quarterly Public Notices on universal service contribution factors in CC Docket 96-45.

Table 19.18
Share of Universal Service Contributions
By Principal Type of Contributor Using Traditional Carrier Categories ^{1 2}

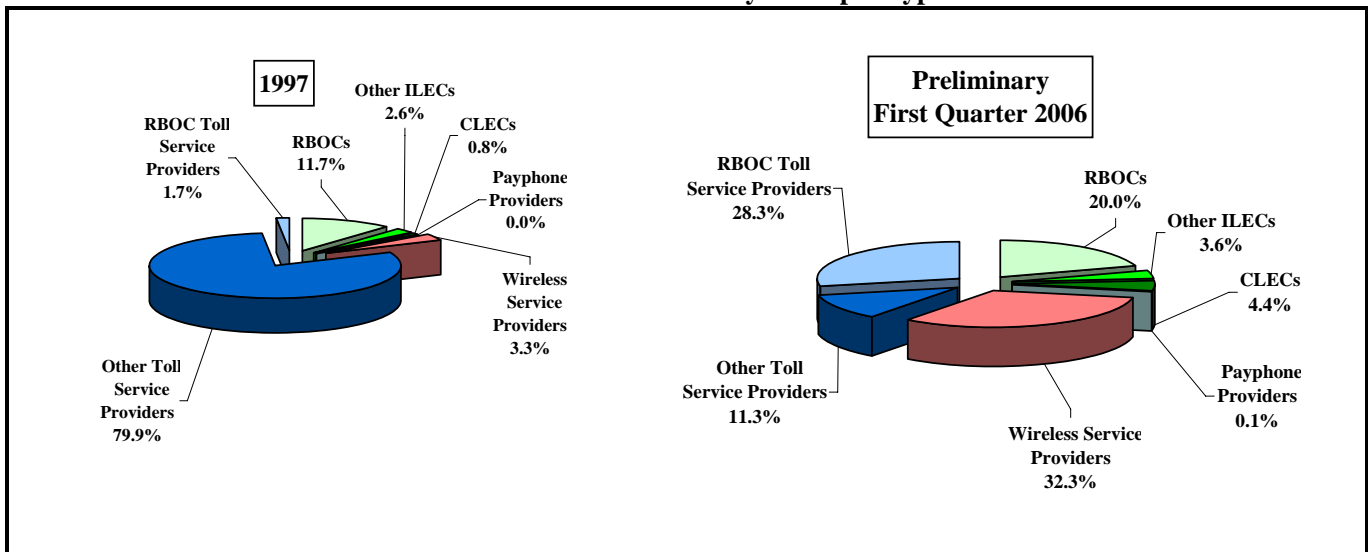
Service Provider Category	1997	1998	1999	2000	2001	2002	2003	2004	Preliminary 1/ Q1	
									2005	2006
Regional Bell Operating Companies (RBOCs) Including CLEC Affiliates.	11.7 %	14.4 %	14.3 %	16.2 %	18.3 %	19.9 %	19.9 %	19.8 %	20.6 %	20.0 %
Incumbent Local Exchange Carriers (ILECs) Other Than RBOCs	2.6	1.4	1.5	1.7	2.1	2.8	3.2	3.4	3.7	3.6
Competitive Local Exchange Carriers (CLECs) Local Resellers and Other Local Carriers Other Than RBOCs	<u>0.8</u>	<u>1.3</u>	<u>2.6</u>	<u>2.2</u>	<u>2.7</u>	<u>3.3</u>	<u>3.5</u>	<u>3.8</u>	<u>4.5</u>	<u>4.4</u>
Total: Fixed Local Service Providers	15.1	17.1	18.5	20.1	23.1	26.0	26.6	27.0	28.9	28.0
Payphone Providers	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1
Wireless Service Providers	3.3	5.1	6.6	9.2	12.0	17.2	24.8	27.8	27.7	32.3
RBOC Toll Service Providers	1.7	1.7	2.0	2.3	3.0	3.4	5.0	6.8	8.7	28.3
Other Toll Service Providers	<u>79.9</u>	<u>76.0</u>	<u>72.9</u>	<u>68.3</u>	<u>61.9</u>	<u>53.3</u>	<u>43.6</u>	<u>38.5</u>	<u>34.7</u>	<u>11.3</u>
Total: Toll Service Providers	81.6	77.7	74.9	70.6	64.9	56.7	48.6	45.2	43.4	39.6
Total All Filers	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

¹ For years 1997 through 2002, the percentages are based on shares of reported subject interstate and international end-user billed revenues. The percentages shown for 2003 and 2004 are based on shares of reported subject interstate and international end-user collected revenues. Preliminary percentages shown for 2005 are based on FCC Form 499-Q filings. Preliminary percentages for the first quarter of 2006 are based on projected collected revenues for that quarter, from FCC Form 499-Q filings. Calculations exclude revenues for calls that both originate and terminate in foreign points. Calculations for years 1999 through 2003 include revenues for all filers. For the purposes of this table, AT&T and M¹ filings are classified as RBOC filings as of the first quarter of 2006.

² Prior to 2004, the FCC Form 499-A asked each filer to identify a single category of communications business that best described its operations. The service provider categories listed on FCC Form 499-A correspond to traditional breakdowns of the industry. Starting in 2004, carriers were allowed to specify more than one category and were allowed to identify themselves as an All Distance service provider. Revenues from these filers have been categorized using the traditional industry classification that best described each company.

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2006).

Chart 19.9
Share of Universal Service Contributions by Principal Type of Contributor



20 Appendix A – List of Publications by the Industry Analysis and Technology Division

Most recent release dates are shown in parentheses:

High-Speed Services for Internet Access: Status as of June 30, 2006 (January 2007).

Infrastructure of the Local Operating Companies (October 2000). Updates can be found in Section 10 of the *Monitoring Report*.

Local Telephone Competition: Status as of June 30, 2006 (January 2007).

Universal Service Monitoring Report (December 2006).

Numbering Resource Utilization in the United States (January 2007).

Quality of Service Report of the Local Operating Companies (November 2005).

Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service (August 2006).

State-by-State Telephone Revenues and Universal Service Data (April 2001). Updates can be found in Section 1 of the *Monitoring Report*.

Statistics of Communications Common Carriers, 2004/2005 Edition (November 2005).

Statistics of the Long Distance Telecommunications Industry (May 2003).

Telecommunications Industry Revenues: 2004 (March 2006).

Telecommunications Provider Locator (March 2006).

Telephone Penetration by Income by State (May 2006).

Telephone Subscribership in the United States (January 2007).

Telephone Subscribership on American Indian Reservations and Off-Reservations Trust Lands (May 2003).

Trends in Telephone Service (June 2005).

21 Appendix B – Sources of Telecommunications Information

The information in this report and, in many cases, more detailed information can be downloaded from the Wireline Competition Bureau Statistical Reports web page at www.fcc.gov/wcb/stats.

Printed copies of various statistical reports are available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, S.W., and from the Commission's duplicating contractor, Best Copy and Printing, Inc., 800-378-3160.

Additional information on regulated carriers, including investments, revenues, expenses, and earnings, is contained in the annual *Statistics of Communications Common Carriers*. The 2004/2005 edition can be found on the Wireline Competition Bureau Statistical Reports web page at www.fcc.gov/wcb/stats.

Filings with the Securities and Exchange Commission, such as the annual reports on Form 10-K, can be downloaded from the Edgar Internet site at www.sec.gov.

The names, addresses and telephone numbers for companies in the telephone industry are published in the Industry Analysis and Technology Division's *Telecommunications Provider Locator*, which can also be downloaded at www.fcc.gov/wcb/stats. The most recent report was released on March 2006.

In April 2001, the Commission began requiring all new and existing telecommunications carriers providing interstate telecommunications services to register with the FCC using the FCC Form 499-A. Carriers file the form with the Commission's data collection agent, the Universal Service Administrative Company. Copies of the form can be downloaded from the Internet at www.fcc.gov/formpage.html. Information on registered companies can be found on the Internet at <http://gullfoss2.fcc.gov/cib/form499/499a.cfm>.

The information on personal consumption expenditures (Table 3.3) comes from the Bureau of Economic Analysis, National Economic Accounts, Table 2.4.5U. Personal Consumption Expenditures by Type of Product. See www.bea.gov/bea/dn/nipaweb/nipa_underlying/TableView.asp#Mid

The information on consumer expenditures (Table 3.1), employment (Tables 5.1 and 5.2), and price indices (Tables 12.1 - 12.3) comes from the Bureau of Labor Statistics and can be found on the Internet at www.bls.gov.

FCC rules require carriers to provide more detailed traffic data about international telephone service than about domestic service. Because of delays in international settlements, such information is typically received by the Commission much later than domestic data and is usually published separately. Tables 6.1 - 6.5 contain summary information on international telephone service. More detailed international data are available from *International Telecommunications Data* and *Trends in the International Telecommunications Industry*, both of

which are published by the International Bureau and are available at www.fcc.gov/wcb/stats.

Tables 18.1 and 18.2 on area codes come from the North American Numbering Plan Administration (NANPA), which is part of Neustar, Inc. Additional information on NANPA can be found on the Internet at www.nanpa.com.

The information on wireless telephone service shown in Tables 11.1 and 11.3 was prepared from data received from CTIA-The Wireless AssociationTM 1600 16th Street N.W., Washington, D.C. 20036, 202-785-0081. CTIA can be found on the Internet at www.wow-com.com.

TNS Telecoms (TNS) has donated databases to the Commission containing information on residential phone usage collected from actual consumer telecommunications bills. TNS has granted the Commission permission to use these databases for research purposes and to publish the industry level results. TNS has been monitoring the telecommunications market since 1995 through both the ReQuest® consumer survey and Bill Harvesting® in the residential market and the BusinessWave® business survey in the business market. Tables 9.5, 9.6, and 14.1 - 14.6 are developed from these databases. For additional information, visit www.tnstelecoms.com or contact them at 1-866-811-TNST or by e-mail at contact@tnstelecoms.com. Their address is 101 Greenwood Avenue, Suite 502, Jenkintown, PA 19046.

On September 9, 2004, the Commission released its Fourth Report to the Congress on the *Availability of Advanced Telecommunications Capability in the United States*. A copy of this can be found on the Commission's web site at http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-04-208A1.pdf. A copy may also be obtained through from the Commission's duplicating contractor.

Copies of NTIA's report *A Nation Online: Entering the Broadband Age* can be obtained through NTIA's web site at www.ntia.doc.gov or by contacting NTIA's Office of Public Affairs at (202) 482-7002.

Tables 17.1, 17.2, and 17.4 contain information from the ARMIS 43-07 reports for the Bell operating companies. Table 17.3 contains information from the ARMIS 43-05. Individual carrier information can be obtained from the ARMIS web page at www.fcc.gov/wcb/armis.

Chart 17.1 shows the number of patents granted for telecommunications. Additional information on U.S. patents can be found on the Internet at www.uspto.gov.

The National Exchange Carrier Association (NECA) administers access charge revenue pooling for about 1,150 local telephone companies. Their headquarters is located at 80 South Jefferson Road, Whippany, NJ 07981-1009, and they can be reached at 800-228-8597. NECA's website can be found on the Internet at www.neca.org.

The United States Telecom Association (USTA) (1401 H Street N.W., Washington, D.C. 20005, 202-326-7300) represents most incumbent local telephone companies. Like many trade associations, it collects information from each of its members. It publishes and sells various reports including an annual publication called *Phone Facts*. USTA's website can be found on the Internet at www.usta.org.

Comptel/ALTS was formed in March 2005 by the merger of Comptel/ASCENT and the Association for Local Telecommunications Services (ALTS) and is currently located at the former Comptel/ASCENT headquarters at 1900 M Street N.W., Suite 800, Washington, D.C. 20036, 202-296-6650). They represent facilities-based competitive telecommunications service providers, emerging VOIP providers, integrated communications companies, and their service partners, and can be found on the Internet at <http://www.comptelascent.org>.

22 Appendix C – Contacting the Report Authors

Trends in Telephone Service was prepared by the Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission. Principal authors of the report can be contacted at their electronic mail addresses or by calling the Industry Analysis and Technology Division at 202-418-0940. Users of TTY equipment should call 202-418-0484.

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Earnings	Stephen Steckler
Employment and Labor Productivity.....	Kenneth Lynch
International Telephone Service	Jim Lande
Lines and Payphones.....	Alex Belinfante or James Eisner
Local Telephone Competition.....	James Eisner or Ellen Burton
Long Distance Telephone Industry	James Eisner
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Mobile Wireless Service	James Eisner
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Customer Response

Publication: *Trends in Telephone Service – February 2007*

You can help us provide the best possible information to the public by completing this form and returning it to the Industry Analysis and Technology Division of the FCC's Wireline Competition Bureau.

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