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Federal Communications Commission
445 12th Street, S.W.
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FOR IMMEDIATE RELEASE:
May 14, 2003

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FCC RELEASES STATISTICS OF THE LONG DISTANCE TELECOMMUNICATIONS INDUSTRY REPORT

Long Distance Market Revenue Declines; Average per Minute Rate Falls to 8 Cents per Minute

Washington, D.C. – The Federal Communications Commission (FCC) today released its latest report on the long distance industry, *Statistics of the Long Distance Telecommunications Industry*. The report provides a general overview of the U.S. long distance telecommunications industry.

The report is divided into two sections. The first section contains information that describes the total long distance market, such as revenues, market shares, and number of companies. The second section shows data on residential long distance calling, focusing on usage patterns, market shares, prices, and expenditures. Highlights from the report are shown below:

I. Revenue Data

- In 2001, the long distance market had slightly more than $99 billion in revenues, compared to $110 billion in 2000. Carriers providing long distance service (including wireless carriers) accounted for over $90 billion and local telephone companies accounted for the remaining $9 billion; compared to $101 billion for long distance carriers and $9 billion for local telephone companies in 2000.

- International revenues have grown more than five-fold from less than $4 billion in 1984 to $19.5 billion in 2001 and, in 2001, represented about 20% of total toll revenues.

- As of May 1, 2003, the Commission had approved applications filed by the Bell operating companies to offer interLATA service in 41 states and the District of Columbia. At this time, one application, for Minnesota, is pending.

II. Consumer Usage / Price Data

- The average customer payment per minute of toll service continues to decline. Revenue per minute for interstate calls fell from 9 cents per minute in 2000 to 8 cents per minute in 2001. Revenue per minute for international calls declined from 52 cents in 2000 to 35 cents in 2001. Adjusted for inflation, interstate and international toll rates declined 60% from 1991 to 2001.

- According to a sampling of residential telephone bills, in 2002 the average household spent \$83 monthly on telecommunications. Of this, \$12 was for services provided by long distance carriers, \$36 for services by local exchange carriers and \$35 for service provided by wireless carriers.

III. Market Share Data

- In 1984, AT&T's market share was about 90% of the toll revenues reported by carriers that identify themselves as primarily long distance carriers. By 2001, AT&T's market share had declined to slightly less than 38%, MCI's share was almost 24%, Sprint's was 9%, the regional Bell operating company (RBOC) long distance affiliates had over 6%, and more than 1,000 other long distance carriers had almost 24% of the remaining market.

- Market shares for residential consumers are summarized by household, by intraLATA minutes and by interLATA minutes. In terms of households, TNS Telecoms, a telecommunications market information firm, sample data show that the three largest interexchange carriers collectively held 84.7% of the market in 1999 and 60.1% by 2002. While the RBOCs effectively served no households in 1999, they captured 15.8% of households by 2002. In 2002, the remaining 24.1% of households were served by other carriers.

- Market shares of intraLATA minutes for residential users fell slightly during recent years for the major long distance carriers and RBOCs. After a peak of 35% in 2000, AT&T, MCI and Sprint collectively billed 30.6% of intraLATA minutes in 2002. The RBOCs, likewise, have seen their collective share of this market fall from 43.2% in 2000 to 38.8% in 2002.

- The share of interLATA minutes billed by the three largest interexchange carriers to residential users fell from 80.7% in 1999 to 58.3% in 2002, according to TNS sample data. The RBOCs acquired a 10.6% share of interLATA minutes by year end 2002, and the remaining 31% of interLATA minutes were billed by other carriers.

The report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, SW, Washington, D.C. 20554. Copies may be purchased by calling Qualex International at (202) 863-2893. The report, including spreadsheets containing the statistical tables and figures, can also be downloaded from the **FCC-State Link** Internet site at www.fcc.gov/ccb/stats.

- FCC -

Questions can be directed to the Wireline Competition Bureau's Industry Analysis and Technology Division at (202) 418-0940. Users of TTY equipment, please call (202) 418-0484.

STATISTICS OF THE LONG DISTANCE TELECOMMUNICATIONS INDUSTRY

Industry Analysis & Technology Division
Wireline Competition Bureau
May 2003

This report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street S.W., Washington, D.C. 20554. Copies may be purchased by calling Qualex International, Portals II, 445 12th Street S.W., Room CY-B402, Washington, D.C. 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail at qualexint@aol.com. The report can also be downloaded from the **FCC-State Link** Internet site www.fcc.gov/wcb/stats.

Statistics of the Long Distance Telecommunications Industry
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Introduction

This report contains a variety of information on the market for long distance telephone service. It is divided into two sections. The first section contains information that describes the total long distance market--including both residential and business calling. The second section shows data on residential long distance calling, focusing on usage patterns, market shares, prices, and expenditures.

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 to offer long distance service. With the gradual emergence of competition, long distance rates dropped, calling volumes surged, and AT&T's dominance declined. The end of 1999 to the present has brought forth further changes with the approval by the Commission of section 271 applications by the Bell operating companies (BOCs) to provide in-region interLATA service in 41 states and the District of Columbia.

More than 1,000 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.

The amount of information available on the long distance industry has increased as this report has evolved over the years.[1] The Industry Analysis and Technology Division of the Wireline Competition Bureau's predecessor (the Industry Analysis Division of the Common Carrier Bureau) began a quarterly report on AT&T's share of interstate switched access minutes in 1987. At that time, when AT&T was a dominant provider of long distance services in the United States, that data was the only periodic and consistent market share information available.[2]

As more data became publicly available, information on other wireline carriers was added and alternative market share calculations were included (based on such measures as revenues and lines). The final quarterly report of *Long Distance Market Shares* was published in 1999 when the collection of some of the underlying information was discontinued.[3] The current report provides information frequently requested by consumers, Congressional staff, other government agencies, carriers, and members of the business and academic communities.[4]

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[1] 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 National Exchange Carrier Association. 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.

[2] Industry Analysis Division, Common Carrier Bureau, *AT&T's Share of the Interstate Switched Market: Third Quarter 1987* (October 1987).

[3] Industry Analysis Division, Common Carrier Bureau, *Long Distance Market Shares: Fourth Quarter 1998* (March 1999), available at www.fcc.gov/wcb/stats.

[4] The most recent report was released in January 2001. Industry Analysis Division, Common Carrier Bureau, *Statistics of the Long Distance Telecommunications Industry* (rel. January 24, 2001), available at www.fcc.gov/wcb/stats.

Historically, this report has tracked data for wireline long distance. One of the challenges for the future will be to track developments in an evolving marketplace, where carriers (such as wireline, wireless and cable) are offering consumers bundled packages of local and long distance service, and buckets of minutes that can be used to call anyone, anywhere, and anytime.

Statistical Findings

I. Revenue Data

- In 2001, the long distance market had more than $99 billion in revenues, compared to $110 billion in 2000. Carriers providing long distance service (including wireless carriers) accounted for over $90 billion and local telephone companies accounted for the remaining $9 billion; compared to $101 billion for long distance carriers and $9 billion for local telephone companies in 2000.

- International revenues have grown more than five-fold from less than $4 billion in 1984 to $19.5 billion in 2001 and, in 2001, represented about 20% of total toll revenues.

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Total Market (Business and Residential)

Carrier Revenues

In 2001, long distance carriers generated over $90 billion in toll revenues. Local telephone companies also provide toll service, primarily intrastate calling within their service territories. In 2001, local telephone companies provided about $9 billion of such service. When combined, the total long distance market was more than $99 billion. These revenues are shown in Table 1.[5]

Toll calls can be divided into three jurisdictional categories--intrastate, interstate, and international. The revenues for each of the three types of calls are shown in Table 2.[6] Of considerable interest is the enormous growth (more than 500%) in international revenues from 1984 to 2001.

Toll revenues divided between residential and nonresidential services are shown in Table 3.[7] In 2001, residential customers generated about 46% of total toll revenues.

The number and types of carriers reporting long distance revenues are shown in Table 4. The Telecommunications Reporting Worksheet (FCC Form 499-A) requires each filer to select one of 18 categories as best describing its primary line of business.[8] 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

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[5] The revenue information for the larger long distance telephone companies, shown in Table 6, is reported annually to the FCC in response to 47 C.F.R. § 43.21(c). The revenue information for large local exchange telephone companies is based on annual ARMIS (Automated Reporting Management Information System) USOA reports (FCC Reports 43-02). The Commission also collects revenue information on FCC Form 499-A, Telecommunications Reporting Worksheet, and, in previous years, on FCC Form 431, Telecommunications Relay Service Worksheet, and FCC Form 457, Universal Service Worksheet. Revenues for carriers not subject to section 43.21(c) or ARMIS reports are estimated by FCC staff based on carriers' filings of FCC Forms 431, 457, and 499-A.

[6] Total international revenue figures, which become available for each year in the second half of the following year, are summarized in the Industry Analysis and Technology Division, Wireline Competition Bureau, *Trends in the International Telecommunications Industry* (2001) available at www.fcc.gov/wcb/stats. This revenue information includes facilities-based, facilities-resale, and pure resale revenues. Domestic revenues are divided between the intrastate and interstate jurisdictions based on FCC staff estimates and revenue divisions reported in the Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2003) available at www.fcc.gov/wcb/stats and on FCC Form 499-A. The intrastate revenues include both intraLATA and interLATA calls.

[7] Residential and nonresidential proportions are estimated based on information from the *2001 Service Annual Survey, Information Sector Services, Table 3.3.11, Wired Telecommunications Carriers (NAICS 51331)—Estimated Local, Long-Distance Network Access Revenue by Type of Customer and Type of Service for Employer Firms: 2001,* the U.S. Census Bureau.

[8] The complete listing and detailed definitions of the filer categories are contained in the FCC Form 499-A detailed filing instructions at http://www.fcc.gov/Forms/Form499-A/499a.pdf.

* Prepaid Calling Card Providers
* Satellite Service Providers
* Toll Resellers

In 2002, 1,072 filers selected one of the above six categories for their primary line of business and are therefore categorized as being a toll carrier.

Table 1
Total Toll Service Revenues by Carrier
(Dollar Amounts Shown in Millions)

Company	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
AT&T Companies1/										
AT&T Communications, Inc.	$35,495	$35,731	$37,166	$38,069	$39,264	$39,470	$40,551	$39,680	$37,646	$33,310
Alascom, Inc.	333	320	329	325						
Teleport Communications Group, Inc.								284	464	632
ACC Long Distance Corp.					118	122	123			
WorldCom Companies 2/ 3/										
WorldCom, Inc.							22,192	23,431	22,554	21,259
MCI Telecommunications Corp.	9,719	10,947	11,715	14,617	16,372	17,150				
WorldCom, Inc.	801	1,145	2,221	3,640	4,485	5,897				
Advanced Telecommunications Corp. (ATC)										
Metromedia Communications Corp.	369	297								
Comsystems Network Services	135	116								
Wiltel, Inc.	494	664	917							
MFS Intelenet, Inc.				118	122					
Intermedia Communications, Inc.							380	516	444	
Sprint Companies 4/ 5/										
Sprint Corporation	5,658	6,139	6,805	7,277	7,944	8,595	7,994	9,708	9,038	8,424
Qwest Companies 6/										
LCI Int'l Telecom Corp. d/b/a Qwest Comm. Svcs. *	243	317	453	671	1,103	1,001	1,664	1,394	1,271	871
Qwest Communications Corp. *							320	517	1,773	2,309
USLD Communications, Inc.		100	136	155	188	241	279	216		
Concert Global Networks USA, LLC 7/									2,472	2,082
Global Crossing Companies 8/										
Global Crossing Telecommunications, Inc.	376	436	568	827	1,119	775	874	874	801	817
Global Crossing Bandwidth, Inc.			144	127		324	539	692	1,555	1,225
Global Crossing North American Networks, Inc.	168	213	306	309	323	223			196	
Frontier Comm. - North Central Region, Inc.			123	133	121					
International Exchange Networks, Ltd. (IXnet, Inc.)									131	
Verizon Companies										
Bell Atlantic Comm. Inc. d/b/a Verizon Long Dist. *									130	864
Verizon Select Services, Inc. *						340	607	834	1,004	509
IDT Corporation							376	850	945	1,303
Broadwing Companies 9/										
Broadwing Communications Services, Inc.						258	724	453	574	676
Broadwing Telecommunications, Inc.								150	202	349
VarTec Telecom, Inc.			107	125	470	820	836	819	923	947
BCE (Bell Canada Enterprise) Companies 10/										
Teleglobe, Inc.										
Teleglobe USA, Inc.							275	557	282	208
Excel Telecommunications, Inc.			156	363	1,091	1,179	1,219	942	703	611
eMeritus Communications, Inc.				215	429	379	264	260	169	
Long Distance Wholesale Club						176	121	131		
Cable & Wireless USA, Inc.	495	557	654	700	919	1,066	953	913	770	598
Williams Communications, LLC						227	126	184	413	593
Touch America, Inc.									140	476
McLeodUSA Telecommunications, Inc.								232	448	463
Southwestern Bell Communications Services, Inc. *										449
Network Plus, Inc.								153	236	296
BellSouth Long Distance, Inc. *										294
Primus Companies 11/										
Primus Telecommunications, Inc.							176	240	338	289
Telegroup, Inc.				129	213	337	384			
Trescom International, Inc.					140	158				
Business Telecom, Inc. 12/				115	149	195	212	260	271	286
Americatel Corporation								129	188	269
ITC^DeltaCom Communications, Inc.							122	172	270	259
Talk America, Inc. f/k/a Talk.com Holding Corp.				180	232	305	426	398	428	249
Evercom Systems, Inc.								205	206	245
General Communication, Inc.		92	106	120	143	158	175	184	211	238
Electric Lightwave, Inc.									145	227
PT-1 Long Distance, Inc.									241	185
Equant Operations, Inc.										183
SNET America, Inc. *						142	162	186	189	177
ALLTEL Communications, Inc.								120	175	174
Level 3 Communications, LLC										160
Norlight Telecommunications, Inc.									119	142
Lightyear Communications, Inc.							180	189	176	141
Working Assets Funding Service, Inc.							131	140	132	124
Others 13/ 14/	4,082	4,459	5,445	5,928	7,051	10,132	11,357	11,841	11,432	7,790
Total Long Distance Carriers	58,368	61,533	67,351	74,143	81,996	90,028	94,396	98,788	100,549	90,703
Bell Incumbent Local Exchange Operating Companies	9,718	9,849	9,527	8,189	7,950	7,138	6,857	6,182	5,865	5,084
BellSouth Telecommunications, Inc.									466	412
Qwest Communications, Inc.									374	264
SBC Communications, Inc.									2,748	2,420
Verizon Communications, Inc.									2,278	1,988
Other Incumbent Local Telephone Cos. 14/	3,897	3,908	3,848	3,143	3,298	3,077	2,572	1,864	751	688
CAPs, CLECs, & Other Local Telephone Cos. 14/						550	1,230	1,412	2,450	2,825
Total Local Exchange Carriers	13,615	13,757	13,375	11,332	11,248	10,765	10,659	9,458	9,066	8,597
Total Toll Service Revenues	$71,983	$75,290	$80,726	$85,475	$93,244	$100,793	$105,055	$108,246	$109,615	$99,300

Note: Total toll service revenues include intrastate, interstate and international toll revenues

See additional notes on following page.

Notes for Table 1

* Regional Bell operating company long distance affiliates.

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., August 7, 1995 and began filing a consolidated revenue statement in 1996.

2/ MCI WorldCom's revenues were revised for 1998 to exclude enhanced services and to be consistent with revenues reported for 1999.

3/ WorldCom, Inc. completed a merger with MCI Communications Corp. in September of 1998 and filed 1998 revenue figures for the combined company, MCI WorldCom, Inc. MCI Communications Corp. and Telecom*USA merged during 1989 and began reporting consolidated revenues in 1990. Metromedia Communications Corp. and ITT Communications Services, Inc., merged during 1988, but reported 1989 revenue separately. LDDS Communications, Inc., and Advanced Telecommunications Corp. merged in 1992. In 1993, LDDS merged with Metromedia Communications Corp. and Comsystems Network Services. For 1993, only the revenues that were received after the merger are included in LDDS's revenues; those preceding the merger are listed individually. LDDS and Wiltel merged January 5, 1995. In May 1995, LDDS changed its name to WorldCom, Inc. WorldCom acquired MFS Intelenet December 31, 1996. On July 1, 2001, WorldCom acquired Intermedia Communications, Inc.

4/ Sprint's revenues were revised for 1998 to exclude enhanced services and to be consistent with revenues reported for 1999.

5/ In July 1986, GTE Sprint and US Telecom merged into US Sprint. The information shown for GTE Sprint and US Telecom for 1986 is for January 1 - June 30. The information shown for Sprint Communications Corp. (then US Sprint) for 1986 is for July 1 - December 31. United Telecommunications, Inc., then majority owner of US Sprint purchased the remaining interest from GTE in July of 1992. Effective February 16, 1992, the company's name became Sprint Communications Co.

6/ LCI International Telecom Corp. and USLD Communications, Inc., merged in December of 1997 and filed separate revenue statements for the year. Qwest Communications Corp. merged with LCI and USLD Communications, Inc. in June of 1998, and each of the three affiliated companies filed a separate revenue statement for 1998.

7/ Concert Global Networks USA, LLC was a joint venture of AT&T Corp. and British Telecommunications plc. On October 16, 2001, the companies announced that they had agreed to dissolve the venture.

8/ Global Crossing Ltd. acquired Frontier Corporation September 28, 1999. In 1994, RCI Long Distance, Inc., changed its name to Frontier Corporation.

9/ Cincinnati Bell Inc., merged with IXC Communications, Inc., on November 9, 1999 and soon began doing business as Broadwing, Inc.

10/ BCE, Inc. (Bell Canada Enterprises) acquired Teleglobe, Inc. on November 1, 2000. eMeritus Communications was formerly known as Teleglobe Business Solutions, Inc. (previously Telco Holdings, Inc.) Teleglobe USA, Inc., merged with Excel Telecommunications, Inc. and its affiliate in November of 1998. Excel Telecommunications acquired Telco Holdings in October of 1997.

11/ Primus Telecommunications, Inc. acquired TresCom International, Inc., in 1998.

12/ Data for 1996 taken from the Annual Report to the Colorado Public Utilities Commission from telecommunications carriers regulated pursuant to §40-15-301 C.R.S.

13/ Includes wireless toll service revenues reported by wireless carriers.

14/ Estimated by FCC staff.

Source: The revenue information for the larger long distance telephone companies, shown in Table 1, is reported annually to the FCC in response to 47 C.F.R. § 43.21(c). The revenue information for large local exchange telephone companies is based on annual ARMIS (Automated Reporting Management Information System) USOA reports (FCC Reports 43-02). The Commission also collects revenue information on FCC Form 499-A, Telecommunications Reporting Worksheet, and, in previous years, on FCC Form 431, Telecommunications Relay Service Worksheet, and FCC Form 457, Universal Service Worksheet. Revenues for carriers not subject to section 43.21 or ARMIS reports are estimated by FCC staff based on carriers' filings of FCC Forms 431, 457, and 499-A.

Table 2
Intrastate, Interstate, and International Toll Revenues
(Dollar Amounts Shown in Millions)

Year	Toll Revenues: Intrastate	Toll Revenues: Domestic Interstate	Toll Revenues: International	Total Toll Revenues	As Percentage of Total Toll Revenues: Intrastate	As Percentage of Total Toll Revenues: Domestic Interstate	As Percentage of Total Toll Revenues: International
1984	$20,872	$26,490	$3,794	$51,156	40.8 %	51.8 %	7.4 %
1985	22,310	28,387	4,119	54,815	40.7	51.8	7.5
1986	23,734	29,123	4,611	57,468	41.3	50.7	8.0
1987	25,339	27,844	5,336	58,519	43.3	47.6	9.1
1988	26,542	29,724	6,334	62,600	42.4	47.5	10.1
1989	28,060	30,585	7,379	66,024	42.5	46.3	11.2
1990	27,652	30,676	8,464	66,792	41.4	45.9	12.7
1991	27,149	31,331	10,078	68,558	39.6	45.7	14.7
1992	27,066	33,719	11,199	71,983	37.6	46.8	15.6
1993	28,158	34,661	12,470	75,290	37.4	46.0	16.6
1994	28,496	38,262	13,968	80,726	35.3	47.4	17.3
1995	29,147	39,903	16,425	85,475	34.1	46.7	19.2
1996	32,023	42,823	18,515	93,361	34.3	45.9	19.8
1997	32,859	47,716	20,218	100,793	32.6	47.3	20.1
1998	34,699	48,100	22,256	105,055	33.0	45.8	21.2
1999	33,600	54,483	20,163	108,246	31.0	50.4	18.6
2000	33,030	53,055	23,530	109,615	30.1	48.4	21.5
2001	29,530	50,236	19,535	99,301	29.7	50.6	19.7

Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Industry Revenues* (March 2003), available at www.fcc.gov/wcb/stats.

Toll Revenues by Market Segment
(Dollar Amounts Shown in Millions)

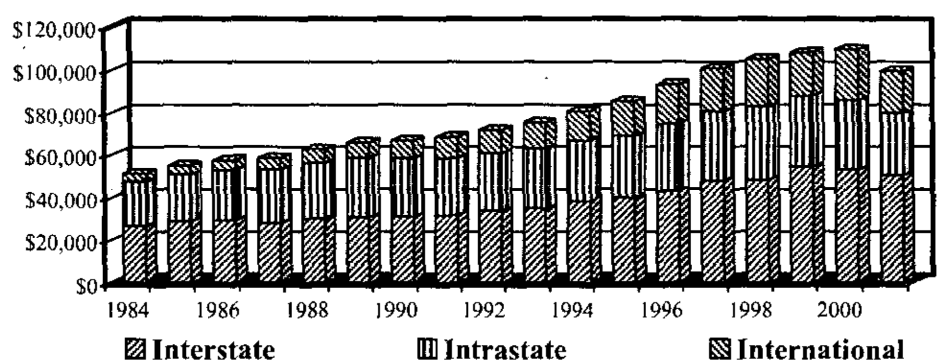

Table 3
Residential and Nonresidential Toll Revenues
(Dollar Amounts Shown in Millions)

Year	Toll Revenues		Total Toll Revenues	As Percentage of Total Toll Revenues 1/	
	Residential	Nonresidential		Residential	Nonresidential
1990	$24,089	$42,703	$66,792	36.1 %	63.9 %
1991	26,028	42,530	68,558	38.0	62.0
1992	30,816	41,167	71,983	42.8	57.2
1993	32,408	42,882	75,290	43.0	57.0
1994	38,526	42,200	80,726	47.7	52.3
1995	36,361	49,114	85,475	42.5	57.5
1996	40,461	52,900	93,361	43.3	56.7
1997	43,754	57,039	100,793	43.4	56.6
1998 2/	51,057	53,998	105,055	48.6	51.4
1999	50,010	58,236	108,246	46.2	53.8
2000	45,271	64,344	109,615	41.3	58.7
2001	45,457	53,844	99,301	45.8	54.2

1/ The percentages of residential and non-residential toll revenues to total toll revenues are based on data published by the U.S. Census Bureau in the *2001 Service Annual Survey, Information Sector Services, Table 3.3.11, Wired Telecommunications Carriers (NAICS 51331)--Estimated Local, Long-Distance, and Network Access Revenue by Type of Customer and Type of Service for Employer Firms: 2001.* We have taken the percentages and applied them to our total revenue amount to obtain the residential and nonresidential revenues.

2/ In 1998, a break in the time series occurred when, for this particular survey, the U.S. Census Bureau converted from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS).

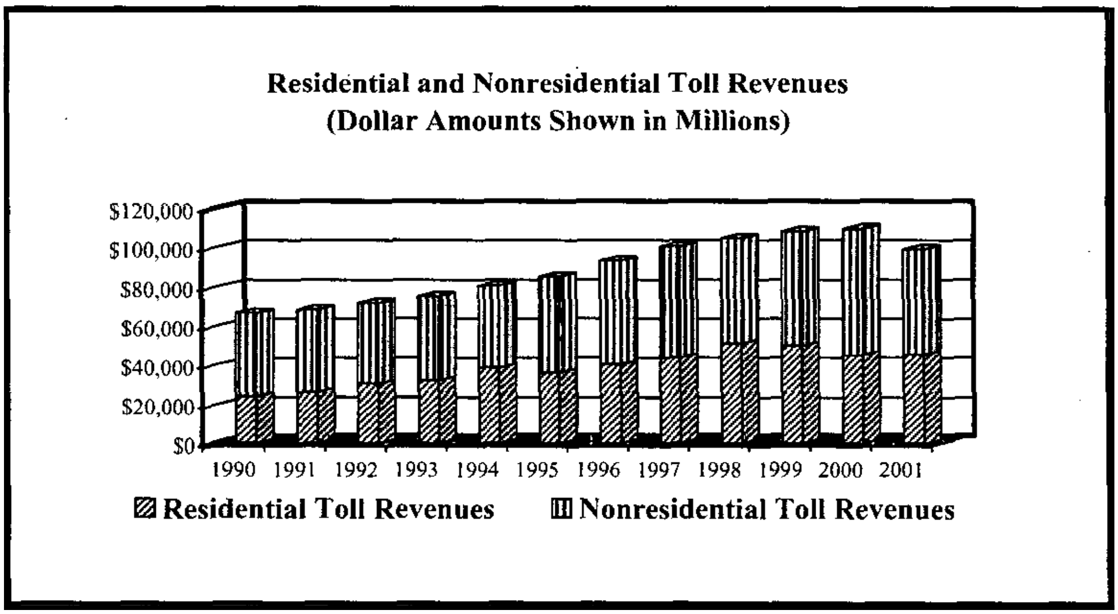

Table 4
Number of Carriers

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Interstate Telecommunications Providers										
Toll Carriers										
Interexchange Carriers (IXCs)	83	97	130	149	151	171	178	212	233	261
Operator Service Providers (OSPs)	35	29	25	27	32	24	15	20	19	23
Prepaid Calling Card Providers			8	16	18	20	18	23	27	37
Satellite Service Carriers				22	13	13	17	25	34	34
Toll Resellers	171	206	260	345	340	388	406	493	558	625
Other Toll Carriers	32	34	30	28	15	31	17	35	69	92
Total	321	366	453	587	569	647	651	808	940	1,072
Other Carriers (Fixed Local Service, Payphone and Wireless Service Providers)										
Other Carriers with Toll Revenues	NA	NA	NA	NA	1,537	1,740	1,870	1,678	1,884	NA
Other Carriers with No Toll Revenues	NA	NA	NA	NA	1,498	1,734	1,965	2,393	2,177	NA
Total	2,388	2,481	2,605	3,245	3,604	4,121	4,486	4,879	5,001	5,364
All Carriers	2,709	2,847	3,058	3,832	3,604	4,121	4,822	4,850	5,679	5,364

NA - Not Available.

Source: 1993 through 1996: data filed on FCC Form 431; 1997 and 1998: data filed on FCC Forms 431 and 457; 1999 through 2002: data filed on FCC Form 499-A. See also Industry Analysis and Technology Division, Wireline Competition Bureau, *Telecommunications Provider Locator*: February 2003; available at www.fcc.gov/wcb/stats.

Industry Average Revenue per Minute

Table 5 shows average revenue per minute for 1930 - 2001 for interstate and international calls, and average revenue per minute breakouts for 1992 - 2001 for domestic and international calls. For comparison, the table also shows the per-minute charges restated to 2001 dollars.

Table 5
Average Revenue Per Minute

	Average Revenue Per Minute for Interstate and International Calls		International Calls	Domestic Calls
		Restated in 2001 Dollars		
1930	$0.27	$2.91		
1931	0.27	3.14		
1932	0.26	3.39		
1933	0.28	3.75		
1934	0.27	3.60		
1935	0.27	3.43		
1936	0.25	3.20		
1937	0.22	2.67		
1938	0.21	2.69		
1939	0.22	2.75		
1940	0.21	2.66		
1941	0.21	2.50		
1942	0.22	2.34		
1943	0.21	2.15		
1944	0.22	2.17		
1945	0.21	2.09		
1946	0.20	1.79		
1947	0.19	1.52		
1948	0.19	1.37		
1949	0.19	1.40		
1950	0.19	1.42		
1951	0.20	1.37		
1952	0.20	1.35		
1953	0.21	1.38		
1954	0.22	1.47		
1955	0.23	1.52		
1956	0.23	1.52		
1957	0.24	1.50		
1958	0.24	1.46		
1959	0.24	1.47		
1960	0.24	1.44		
1961	0.25	1.47		
1962	0.25	1.48		
1963	0.25	1.44		
1964	0.25	1.42		
1965	0.24	1.35		
1966	0.24	1.33		
1967	0.24	1.29		
1968	0.24	1.20		
1969	0.24	1.16		
1970	$0.23	$1.05		
1971	0.25	1.07		
1972	0.24	1.03		
1973	0.25	1.01		
1974	0.26	0.92		
1975	0.27	0.90		
1976	0.29	0.89		
1977	0.28	0.83		
1978	0.29	0.78		
1979	0.29	0.71		
1980	0.30	0.65		
1981	0.33	0.64		
1982	0.34	0.63		
1983	0.35	0.62		
1984	0.32	0.55		
1985	0.31	0.51		
1986	0.28	0.45		
1987	0.25	0.38		
1988	0.23	0.35		
1989	0.22	0.31		
1990	0.20	0.27		
1991	0.20	0.26		
1992	0.19	0.24	$1.01	$0.15
1993	0.19	0.24	1.02	0.15
1994	0.18	0.21	0.93	0.14
1995	0.17	0.20	0.91	0.12
1996	0.16	0.18	0.76	0.12
1997	0.15	0.16	0.69	0.11
1998	0.14	0.16	0.58	0.11
1999	0.14	0.15	0.54	0.11
2000	0.12	0.12	0.52	0.09
2001	0.10	0.10	0.35	0.08

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 2003), available at www.fcc.gov/wcb/stats.

Market Shares and Concentration Ratios

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). 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 can now select among competing carriers for their intraLATA calls. The 1996 Telecommunications Act established a procedure for Bell companies to offer interLATA long distance service after complying with certain preconditions to open their own markets.

Long-term trends in toll revenues are shown in Table 6. Over time, AT&T and the local operating companies that provided telephone service have lost market share to new entrants. By 2001, carriers not even in existence a generation ago accounted for more than half of all long distance telephone toll revenues.

Table 7 shows market share information based on the revenues of those firms that identify themselves as primarily being long distance carriers. AT&T's 1984 toll revenues were about 90% of those reported by all long distance carriers. In 1995, AT&T was classified as a non-dominant carrier and, by 2001, AT&T's revenues had declined to less than 40% of those reported by all long distance carriers. By year end 2001, the RBOC long distance affiliates collectively reported toll revenues representing 6% of the revenues reported by all long distance carriers.

Table 8 shows market-share information based on all toll revenues, whether or not the carriers self identifies as being primarily a long distance carrier.

The Department of Justice often uses a measure of market concentration known as the Herfindahl-Herschman Index (HHI). This index ranges from zero (in a perfectly competitive industry) to 10,000 (in an industry completely monopolized by a single firm).

HHI indices for various segments of the long distance industry are shown in Table 9.[9] The indices remain high based on the standards used by the Department of Justice,[10] but are falling.

[9] HHIs for earlier years using slightly different methodologies are available in the Common Carrier Bureau's, Industry Analysis Division's *Long Distance Market Shares: Fourth Quarter 1998.*

[10] See U.S. Department of Justice and Federal Trade Commission, *Horizontal Merger Guidelines,* §1.5 (revised Apr. 8, 1997), available at (http://www.usdoj.gov/atr/public/guidelines/horiz_book/hmg1.html)

Data on the international market are available for a longer period, and HHIs for international service are shown in Table 10. Again, the concentration measures are high but declining over time.

Table 6
Toll Revenues of Long Distance Carriers and Local Exchange Carriers
(Dollar Amounts Shown in Millions)

Year	Long Distance Carriers				Local Exchange Carriers			Total Industry Toll Revenues
	AT&T [1]	MCI [2]	Sprint	Other Long Distance Carriers [3]	Incumbent Local Exchange Carriers		Competitive Local Exchange Carriers	
					Regional Bell Operating Companies	Other Incumbent Local Exchange Carriers		
1984	$34,935	$1,761	$1,052	$1,007	$9,037	$3,364		$51,156
1985	36,770	2,331	1,509	2,020	9,026	3,159		54,815
1986	36,514	3,372	1,141	3,568	9,599	3,274		57,468
1987	35,219	3,938	2,592	3,034	10,268	3,468		58,519
1988	35,407	4,886	3,405	3,789	10,668	4,445		62,600
1989	34,549	6,717	4,320	5,598	10,549	4,291		66,024
1990	33,880	7,392	5,041	5,789	10,578	4,112		66,792
1991	48,028	8,266	5,378	6,415	10,066	4,049		68,558
1992	35,495	10,520	5,658	6,695	9,718	3,897		71,983
1993	35,731	12,092	6,139	7,571	9,849	3,908		75,290
1994	37,166	13,936	6,805	9,444	9,527	3,848		80,726
1995	38,394	16,564	7,277	11,908	8,189	3,143		85,475
1996	39,264	20,979	7,944	13,809	7,950	3,298		93,244
1997	39,470	23,047	8,595	18,916	7,138	3,077	$550	100,793
1998	40,674	22,192	7,994	23,536	6,857	2,572	1,230	105,055
1999	39,964	23,431	9,708	25,685	6,182	1,864	1,412	108,246
2000	38,110	22,554	9,038	30,847	5,865	751	2,450	109,615
2001	33,942	21,259	8,424	27,078	5,084	688	2,825	99,300

[1] AT&T's revenues include the long distance revenues of Alascom (acquired in 1995) and Teleport Communications Group (including ACC Long Distance Corporation) which merged with AT&T in July of 1998.

[2] LDDS revenues are included beginning in 1992.

[3] Includes the in-region Regional Bell Operating Companies' long distance affiliates which began operations in 2000. Also includes wireless toll service revenues reported by wireless carriers. See Table 1.

Source: See Notes to Table 1.

Table 7

Shares of Total Toll Service Revenues
Long Distance Carriers Only

Year	AT&T	MCI	Sprint	BellSouth [1]	Qwest [1]	SBC [1]	Verizon [1]	All Other Long Distance Carriers [2]
				Excludes Incumbent Local Exchange Carriers' Operating Companies				
1984	90.1 %	4.5 %	2.7 %					2.6 %
1985	86.3	5.5	2.6					5.6
1986	81.9	7.6	4.3					6.3
1987	78.6	8.8	5.8					6.8
1988	74.6	10.3	7.2					8.0
1989	67.5	12.3	8.4					11.8
1990	65.0	14.5	9.7					10.8
1991	63.2	15.6	9.9					11.3
1992	60.8	18.1	9.7					11.5
1993	58.1	19.7	10.0					12.3
1994	55.2	20.7	10.1					14.0
1995	51.8	24.6	9.8					13.8
1996	47.9	25.6	9.7					26.8
1997	43.8	25.6	9.5					21.0
1998	43.1	23.5	8.5					24.9
1999	40.5	23.7	9.8					26.0
2000	37.9	22.4	9.0		3.0 %	0.2 %	1.1 %	30.7
2001	37.4	23.4	9.3	0.3 %	3.5	0.7	1.5	23.8

[1] Figures reported by RBOC long distance affiliates, which may include both in-region and out-of-region long distance service. Some of the RBOC long distance affiliates' revenues fall below the reporting threshold and are therefore included in the all other long distance carriers' market share.

[2] Includes wireless toll service revenues reported by wireless carriers. Excludes incumbent local exchange carriers and competitive local exchange carriers.

Table 8
Shares of Total Toll Service Revenues
All Long Distance Toll Providers *

Year	AT&T	MCI	Sprint	BellSouth [1]	Qwest [1]	SBC [1]	Verizon [1]	All Other Long Distance Carriers [2]	Bell Incumbent Local Exchange Carriers	Other Local Telephone Companies
				Excludes Incumbent Local Exchange Carriers' Operating Companies						
1984	68.3 %	3.4 %	2.1 %					2.0 %	17.7 %	6.6 %
1985	67.1	4.3	2.0					4.4	16.5	5.8
1986	63.5	5.9	3.3					4.9	16.7	5.7
1987	60.2	6.7	4.4					5.2	17.5	5.9
1988	56.6	7.8	5.4					6.1	17.0	7.1
1989	52.3	9.5	6.5					9.1	16.0	6.5
1990	50.7	11.3	7.5					8.4	15.8	6.2
1991	50.2	12.5	7.8					9.0	14.7	5.9
1992	49.3	14.6	7.9					9.3	13.5	5.4
1993	47.5	16.0	8.2					10.1	13.1	5.2
1994	46.0	17.3	8.4					11.7	11.8	4.8
1995	44.9	21.4	8.5					12.0	9.6	3.7
1996	42.2	22.5	8.5					14.7	8.5	3.5
1997	39.3	22.9	8.5					18.6	7.1	3.6
1998	38.7	21.1	7.6					22.4	6.5	3.6
1999	36.9	21.6	9.0					23.7	5.7	3.0
2000	34.8	20.6	8.2		2.8 %	0.2 %	1.0 %	24.2	5.4	2.9
2001	34.2	21.4	8.5	0.3 %	3.2	0.6	1.4	21.8	5.1	3.5

* Includes incumbent local exchange carriers and competitive local exchange carriers.

[1] Figures reported by RBOC long distance affiliates, which may include both in-region and out-of-region long distance service. Some of the RBOC long distance affiliates' revenues fall below the reporting threshold and are therefore included in the all other long distance carriers' market share.

[2] Includes wireless toll service revenues reported by wireless carriers. Excludes incumbent local exchange carriers and competitive local exchange carriers.

Table 9
Herfindahl-Hirschman Indices (HHIs) for Toll Services[1]
(Dollar Amounts Shown in Billions)

	Revenues 1997	1998	1999	2000	2001	HHI 1997	1998	1999	2000	2001
Long Distance Carriers Only										
Carrier's Carrier Services:										
Operator Services	0.7	0.3	0.3	0.7	1.1	5,807	3,422	2,771	4,366	6,859
Ordinary Long Distance and Other Switched	6.9	8.4	9.4	13.9	12.0	1,702	2,271	1,692	1,218	1,015
Private Line	1.2	1.9	2.1	5.2	4.7	3,111	2,275	1,589	3,469	2,403
Other Toll Revenues[2]	1.8	1.7	2.3	0.5	0.4					
All Toll Revenues Provided for Resale	10.6	12.3	14.0	20.3	18.1	1,270	1,675	1,225	1,359	1,044
End-User Services:										
Prepaid Card	0.9	1.2	1.3	1.2	0.9	1,725	1,526	1,098	1,105	1,176
Operator Services	9.2	8.9	6.5	8.0	7.0	3,859	3,537	2,688	3,580	2,999
Ordinary Long Distance and Other Switched	52.5	56.1	59.6	53.0	45.5	3,387	3,225	3,260	2,781	2,832
Private Line	8.2	8.5	9.7	8.8	9.6	3,450	3,904	3,427	3,951	3,587
Other Toll Revenues[2]	5.2	1.4	4.0	5.6	6.4					
All Toll Revenues Provided to End Users	76.0	76.1	81.2	76.6	69.4	3,355	3,216	3,060	2,875	2,796
Total Toll Revenues	86.6	88.4	95.2	96.9	87.5	2,882	2,826	2,576	2,436	2,315
All Long Distance Toll Providers										
Carrier's Carrier Services:										
Operator Services	0.8	0.3	0.3	0.7	1.1	4,684	2,838	2,616	4,276	6,439
Ordinary Long Distance and Other Switched	7.4	9.1	10.1	14.8	13.1	1,518	1,997	1,466	1,098	877
Private Line	1.3	2.0	2.2	5.8	5.4	2,835	2,089	1,436	3,070	2,156
Other Toll Revenues[2]	1.9	1.9	2.3	0.6	0.4					
All Toll Revenues Provided for Resale	11.4	13.3	14.9	21.8	20.0	1,152	1,485	1,088	1,252	952
End-User Services:										
Prepaid Card	1.0	1.3	1.5	1.2	1.0	1,700	1,455	932	1,017	1,092
Operator	9.7	9.4	7.3	8.4	7.4	3,455	3,199	2,236	3,249	2,717
Ordinary Long Distance and Other Switched	62.1	65.1	68.3	60.4	52.2	3,065	2,902	2,572	2,206	2,214
Private Line	9.2	10.0	11.0	10.4	11.0	2,790	2,914	2,752	3,032	2,859
Other Toll Revenues[2]	5.3	1.5	4.3	6.3	6.8					
All Toll Revenues Provided to End Users	87.3	87.3	92.3	86.7	78.4	2,633	2,486	2,446	2,310	2,254
Total Toll Revenues	98.7	100.6	107.3	108.5	98.4	2,295	2,232	2,093	2,015	1,906

Sources: 1997 and 1998: Data filed on FCC Form 431 (*Telecommunications Relay Service Worksheet*) and Form 457 (Universal Service Worksheet). 1999-2001: Data filed on FCC Form 499-A (Telecommunications Reporting Worksheet).

[1] Includes both domestic and international toll service revenues consolidated by holding company. *De minimis* carriers were not required to file FCC Form 457 and are not included in data for 1997 and 1998. All figures exclude revenues from calls that both originate and terminate in foreign points.

[2] The other toll revenues categories include: surcharges on customer bills identified as recovering universal service contributions (1999-2001 only), satellite services, and revenues reported as other toll services. HHIs are not necessarily meaningful for these categories.

Table 10
Herfindahl-Hirschman Indexes (HHIs) for International Toll Service
(Dollar Amounts Shown in Millions)

	International Message Telephone Service 1/				International Private Line Service	
	U.S. Billed Revenues	HHIs	Revenues Net of International Settlements	HHIs	U.S. Billed Revenues 3/	HHIs
1980	$2,097		$1,549	2/	$115	2,399
1981	2,239		1,674	2/	126	2,374
1982	2,382		1,502	2/	138	2,357
1983	2,876		1,737	2/	154	2,373
1984	3,197		1,806	2/	158	2,533
1985	3,487		1,843	9,494	172	2,463
1986	4,004		1,958	8,961	175	2,336
1987	4,750		2,337	8,573	191	1,981
1988	5,800		2,916	8,110	194	1,810
1989	6,901	6,963	3,513	7,156	208	1,737
1990	8,042	6,497	4,236	6,584	204	2,712
1991	9,219	6,007	5,902	5,848	309	2,371
1992	10,331	5,469	6,974	5,499	323	2,291
1993	11,505	4,897	7,800	4,931	366	2,758
1994	12,431	4,789	8,140	4,926	441	2,824
1995	14,160	4,413	9,217	4,633	528	2,761
1996	14,234	4,354	8,576	5,053	661	2,726
1997	15,250	3,871	9,821	4,369	851	2,862
1998	14,246	3,811	9,762	4,210	922	2,990
1999	14,528	3,474	9,926	3,876	1,216	3,233
2000	14,172	3,864	10,245	4,094	1,502	2,900
2001	10,844	3,723	7,499	4,420	1,417	2,938

1/ Data shown represent facilities-based and facilities-resale service revenues. Data for pure resale services are not included.

2/ Competition for international telephone service began in 1985.

3/ Telegraph and telex private lines were regulated separately from telephone private lines prior to 1988.

Sources: Industry Analysis Division, Common Carrier Bureau, *Trends in the International Telecommunications Industry* (April 2001) and *International Telecommunications Data* (December 2001); and Industry Analysis and Technology Division, Wireline Competition Bureau, *International Telecommunications Data* (January 2003) available at www.fcc.gov/wcb/stats.

Section 271 Approvals

Section 271 of the Communications Act requires 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 BOC must demonstrate that it satisfies the 14-point competitive checklist, that it will comply with the separate affiliate and nondiscrimination requirements of section 272, and that the requested authorization is consistent with the public interest, convenience, and necessity. After a BOC files a section 271 application with the Commission, the Commission has 90 days to determine whether a BOC has taken the statutorily required steps to open its local telecommunications markets to competition.

A BOC applicant must demonstrate either that: A) one or more unaffiliated competing providers of local telephone service to residential and business subscribers is connected to the BOC's network, and that such local telephone service is 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 has requested to connect to a BOC's network, the BOC has 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 12, 1999, the first regional Bell operating company's application (Bell Atlantic, which is now known as Verizon) was approved by the Commission to provide in-region interLATA service in the state of New York. Table 11 shows the states in which the BOCs have filed section 271 applications, the date the application was filed, and the application's resolution date and outcome. Table 12 shows, by quarter, the number of section 271 applications approved from the end of 1999 to the present and the percentage of lines these approvals represent. At this time, BOC section 271 applications have been authorized in forty-one states and the District of Columbia.

As of May 1, 2003, there was one long distance application pending before the Commission - Qwest's for Minnesota (filed March 28, 2003; pending, due June 26, 2003).

The companies approved must continue to comply with the section 271 checklist requirements as the Commission has a number of enforcement tools at its disposal, including imposing penalties or suspension of approval. Additional information on section 271 applications can be found on the Commission's web site at www.fcc.gov/Bureaus/ Common_Carrier/in-region_applications.

Table 11
Regional Bell Operating Companies' Applications
To Provide In-Region InterLATA Service *
(Section 271 Applications)

State	Resolution	Date Application Filed	Date Application Resolved
Alabama	**Approved**	**06/20/02**	**09/18/02**
Arkansas	**Approved**	**08/20/01**	**11/16/01**
California	**Approved**	**09/20/02**	**12/19/02**
Colorado	Withdrawn	06/13/02	09/10/02
Colorado	**Approved**	**09/30/02**	**12/23/02**
Connecticut	**Approved**	**04/23/01**	**07/20/01**
Delaware	**Approved**	**06/27/02**	**09/25/02**
District of Columbia	**Approved**	**12/18/02**	**03/19/03**
Florida	**Approved**	**09/20/02**	**12/19/02**
Georgia	Withdrawn	10/02/01	12/20/01
Georgia	**Approved**	**02/14/02**	**05/15/02**
Idaho	Withdrawn	06/13/02	09/10/02
Idaho	**Approved**	**09/30/02**	**12/23/02**
Iowa	Withdrawn	06/13/02	09/10/02
Iowa	**Approved**	**09/30/02**	**12/23/02**
Kansas	**Approved**	**10/26/00**	**01/22/01**
Kentucky	**Approved**	**06/20/02**	**09/18/02**
Louisiana	Denied	11/06/97	02/04/98
Louisiana	Denied	07/09/98	10/13/98
Louisiana	Withdrawn	10/02/01	12/20/01
Louisiana	**Approved**	**02/14/02**	**05/15/02**
Maine	**Approved**	**03/21/02**	**06/19/02**
Maryland	**Approved**	**12/18/02**	**03/19/03**
Massachusetts	Withdrawn	09/22/00	12/18/00
Massachusetts	**Approved**	**01/16/01**	**04/16/01**
Michigan	Withdrawn	01/02/97	02/11/97
Michigan	Denied	05/21/97	08/19/97
Michigan	Withdrawn	01/16/03	04/16/03
Minnesota	*Pending*	*03/28/03*	*1/*
Mississippi	**Approved**	**06/20/02**	**09/18/02**
Missouri	Withdrawn	04/04/01	06/07/01
Missouri	**Approved**	**08/20/01**	**11/16/01**
Montana	Withdrawn	07/12/02	09/10/02
Montana	**Approved**	**09/30/02**	**12/23/02**
Nebraska	Withdrawn	06/13/02	09/10/02
Nebraska	**Approved**	**09/30/02**	**12/23/02**
Nevada	**Approved**	**01/14/03**	**04/14/03**
New Hampshire	**Approved**	06/27/02	**09/25/02**
New Jersey	Withdrawn	12/20/01	03/20/02
New Jersey	**Approved**	**03/26/02**	**06/24/02**
New Mexico	**Approved**	**01/15/03**	**04/15/03**

Table 11
Regional Bell Operating Companies' Applications To Provide In-Region InterLATA Service *
(Section 271 Applications)

State	Resolution	Date Application Filed	Date Application Resolved
New York	**Approved**	**09/29/99**	**12/22/99**
North Carolina	**Approved**	**06/20/02**	**09/18/02**
North Dakota	Withdrawn	06/13/02	09/10/02
North Dakota	**Approved**	**09/30/02**	**12/23/02**
Oklahoma	Denied	04/11/97	06/26/97
Oklahoma	**Approved**	**10/26/00**	**01/22/01**
Oregon	**Approved**	**01/15/03**	**04/15/03**
Pennsylvania	**Approved**	**06/21/01**	**09/19/01**
Rhode Island	**Approved**	**11/26/01**	**02/22/02**
South Carolina	Denied	09/30/97	12/24/97
South Carolina	**Approved**	**06/20/02**	**09/18/02**
South Dakota	**Approved**	**01/15/03**	**04/15/03**
Tennessee	**Approved**	**09/20/02**	**12/19/02**
Texas	Withdrawn	01/10/00	04/05/00
Texas	**Approved**	**04/05/00**	**06/30/00**
Utah	Withdrawn	07/12/02	09/10/02
Utah	**Approved**	**09/30/02**	**12/23/02**
Vermont	**Approved**	**01/17/02**	**04/17/02**
Virginia	**Approved**	**08/01/02**	**10/30/02**
Washington	Withdrawn	07/12/02	09/10/02
Washington	**Approved**	**09/30/02**	**12/23/02**
West Virginia	**Approved**	**12/18/02**	**03/19/03**
Wyoming	Withdrawn	07/12/02	09/10/02
Wyoming	**Approved**	**09/30/02**	**12/23/02**

* As of May 1, 2003.

1/ Statutory deadline for Commission action is June 26, 2003.

Table 12
Section 271 Approvals
(As of the End of the Quarter)

	States with Approval	Percentage of Regional Bell Operating Company (RBOC) Lines [1]
1999 September	0	0.0 %
December	1	8.5
2000 March	1	8.5
June	2	15.7
September	2	15.7
December	2	15.7
2001 March	4	17.9
June	5	21.2
September	7	25.9
December	9	28.5
2002 March	10	29.0
June	15	39.1
September	22	46.3
December	35	75.1
2003 March	38	79.0
April	42	81.0

[1] RBOC lines do not include GTE or SNET.

Residential Market

Expenditures

The following table is based on sample data provided by TNS Telecoms (TNS). Bill Harvesting® data collected by TNS provides insight into the residential telecom market through information collected directly from the telecommunications bills of households. TNS, a telecommunications market information firm, conducts nationwide surveys and Bill Harvesting® on a quarterly basis, collecting data from over 120,000 households each year. The company has donated databases containing information on residential phone usage to the Commission.

Table 13 shows monthly household payments to both local and long distance carriers for 1995 through 2002.

Table 13

Average Monthly Household Telecommunications Expenditures By Type of Provider

Year	Local Exchange Carriers	Long Distance Carriers	Wireless Carriers	Total
1995	$29.82	$20.85	$6.83	$57.50
1996	29.90	20.83	9.00	59.73
1997	31.58	25.42	10.75	67.75
1998	33.17	22.50	13.67	69.33
1999	33.50	21.42	17.08	72.00
2000	34.65	17.60	23.25	75.49
2001	35.50	14.67	29.25	79.42
2002	36.33	12.39	34.73	83.44

* Estimates of monthly expenditures are based on wireline and wireless bills sampled for those households with at least one wireline connection. Excludes households in Alaska and Hawaii.

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

Market Shares

In the aggregate, the market for long distance telephony is becoming increasingly less concentrated. Looking back to Table 9, it is clear that this trend began long before 2000. Nonetheless, 2000 is significant since it is the first full year since the 1984 divestiture that a regional Bell operating company (RBOC) was permitted to provide in-region interLATA toll service. By the end of 2001, the regional Bells were permitted to offer in-region interLATA service in nine states. By the end of 2002, that number had jumped to 35 states. The effect of the section 271 approvals process, combined with existing trends, on the residential toll market is the focus of this section.

Provider shares of the residential long distance market can be calculated a number of ways. Most commonly, shares are calculated using revenues, households (customers) and minutes of use. Tables 7 and 8 present total toll market share calculations based on firm revenues. In the following tables, however, we focus on the residential toll market by presenting three different measures: households, intraLATA minutes of use, and interLATA minutes of use.[11]

Market shares for residential users are summarized by household, by intraLATA minutes and by interLATA minutes. In terms of households, TNS Telecoms, a telecommunications market information firm, sample data show that the three largest interexchange carriers collectively held 84.7% of the market in 1999 and 60.1% by 2002. While the RBOCs effectively served no households in 1999, they captured 15.8% of households by 2002. In 2002, the remaining 24.1% of households were served by other carriers.

Market shares of intraLATA minutes for residential users fell slightly during recent years for the major long distance carriers and RBOCs. After a peak of 35% in 2000, AT&T, MCI and Sprint collectively billed 30.6% of intraLATA minutes in 2002. The RBOCs, likewise, have seen their collective share of this market fall from 43.2% in 2000 to 38.8% in 2002.

The share of interLATA minutes billed by the three largest interexchange carriers for residential users fell from 80.7% in 1999 to 58.3% in 2002, according to TNS sample data. The RBOCs acquired a 10.6% share of interLATA minutes by year end 2002, and the remaining 31% of interLATA minutes were billed by other carriers.

[11] Since the Bill Harvesting® data contain only calls itemized on residential telephone bills, toll-free calls (800, 888, 877 and 866) and collect calls made from a residence are not included. In contrast, toll-free and collect calls received, because they are shown on the household monthly bill, are included.

Table 14
Residential Market Shares
(1995 - 2002)

	AT&T [1]	MCI [2]	Sprint	BellSouth [3]	Qwest [4]	SBC [5]	Verizon [6]	Other [7]
Households [8]								
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
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
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

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.

[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 (for 2001, only about 8% of households in the sample have 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, 1999, 2000 and 2001, 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 15
Market Shares of Households
By Region

2002

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other [8]	Sample Size
Southeast	41.3 %	16.6 %	10.9 %	1.2 %	2.1 %	0.1 %	5.4 %	22.4 %	5,895
West	33.9	18.1	6.6	0.0	4.6	0.0	4.0	32.8	4,634
West Coast	39.5	17.3	8.1	0.0	2.2	0.7	10.7	21.5	2,911
Mid-Atlantic	39.2	18.2	7.1	0.0	2.2	0.0	11.7	21.8	4,385
Mid-West	40.9	15.4	7.2	0.0	2.8	0.3	7.9	25.5	5,329
Northeast	29.9	12.1	2.6	0.0	1.3	6.7	28.4	19.1	3,042
Southwest	27.3	10.8	8.5	0.0	1.9	23.9	4.3	23.3	3,692
Total	36.7 %	15.8 %	7.6 %	0.2 %	2.5 %	3.8 %	9.3 %	24.1 %	29,888

2001

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other [8]	Sample Size
Southeast	45.8 %	19.3 %	9.9 %	0.5 %	2.5 %	0.1 %	4.4 %	17.6 %	5,948
West	39.9	19.8	5.8	0.0	5.3	0.0	2.8	26.3	4,550
West Coast	43.7	19.2	7.1	0.0	2.7	0.4	9.0	18.0	2,768
Mid-Atlantic	43.8	22.1	6.8	0.0	3.0	0.0	5.0	19.4	4,239
Mid-West	46.5	17.1	6.2	0.0	3.0	0.5	6.4	20.4	5,234
Northeast	34.7	15.7	2.6	0.0	1.7	5.6	22.4	17.3	2,794
Southwest	35.9	14.2	7.2	0.0	1.3	17.7	3.5	20.1	3,142
Total	42.3 %	18.5 %	6.8 %	0.1 %	2.9 %	2.6 %	6.7 %	20.0 %	28,675

2000

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other [8]	Sample Size
Southeast	53.0 %	18.3 %	8.4 %	0.6 %	1.2 %	0.0 %	3.7 %	14.7 %	6,287
West	48.4	19.4	5.4	0.0	1.6	0.0	2.5	22.6	5,055
West Coast	51.0	18.9	6.1	0.0	1.9	0.5	6.0	15.7	3,072
Mid-Atlantic	53.4	20.0	6.8	0.0	1.8	0.0	2.0	16.1	4,410
Mid-West	54.4	16.6	6.5	0.0	1.8	0.5	4.7	15.5	6,201
Northeast	45.5	16.2	3.4	0.0	1.2	5.1	13.0	15.6	3,172
Southwest	48.2	16.5	8.9	0.0	1.5	2.8	3.0	19.1	3,205
Total	51.1 %	18.0 %	6.6 %	0.1 %	1.6 %	1.0 %	4.6 %	17.0 %	31,402

Note: Market shares are estimates based on sample data. For footnotes, please see notes following Table 17.

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

Table 16
Market Shares of Residential IntraLATA Minutes
By Region

2002

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth[4]	Qwest [5]	SBC [6]	Verizon[7]	Other	Sample Minutes	Sample Calls
Southeast	13.5 %	13.4 %	14.2 %	13.4 %	0.6 %	0.0 %	4.3 %	40.6 %	72,005	14,191
West	16.4	16.2	4.7	0.0	16.4	0.0	3.0	43.3	108,717	18,548
West Coast	10.1	13.5	2.6	0.0	3.1	41.4	14.2	15.2	164,022	36,591
Mid-Atlantic	10.1	9.9	5.3	0.0	0.4	0.0	46.7	27.7	196,626	37,602
Mid-West	15.3	10.5	4.4	0.0	0.5	27.9	6.8	34.4	171,491	34,829
Northeast	29.7	16.9	0.8	0.0	0.7	7.8	13.0	30.9	76,202	14,942
Southwest	11.7	5.7	4.7	0.0	0.3	40.3	3.2	34.1	111,422	20,047
Total	14.0 %	11.8 %	4.8 %	1.1 %	2.9 %	18.5 %	16.3 %	30.7 %	900,484	176,750

2001

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth[4]	Qwest [5]	SBC [6]	Verizon[7]	Other	Sample Minutes	Sample Calls
Southeast	18.9 %	11.0 %	15.4 %	15.8 %	0.8 %	0.0 %	4.6 %	33.4 %	84,900	15,562
West	18.3	13.1	3.3	0.0	22.3	0.0	4.2	38.9	134,230	24,046
West Coast	10.8	16.3	2.7	0.0	2.2	42.9	14.2	10.9	165,300	35,837
Mid-Atlantic	10.7	15.0	4.3	0.0	1.0	0.0	52.9	16.2	192,151	35,662
Mid-West	15.9	10.4	3.8	0.0	1.4	31.0	8.1	29.4	207,733	38,367
Northeast	27.4	18.4	0.7	0.0	1.4	9.8	16.0	26.2	73,682	13,990
Southwest	15.5	7.9	8.0	0.0	0.7	30.5	4.1	33.4	87,031	16,630
Total	15.4 %	13.2 %	4.8 %	1.4 %	4.3 %	17.9 %	17.6 %	25.3 %	945,027	180,094

2000

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth[4]	Qwest [5]	SBC [6]	Verizon[7]	Other	Sample Minutes	Sample Calls
Southeast	17.6 %	12.4 %	13.4 %	19.8 %	0.4 %	0.1 %	6.3 %	30.1 %	85,446	16,554
West	20.8	16.0	2.9	0.0	28.8	0.0	3.3	28.2	159,581	26,944
West Coast	13.6	14.1	2.0	0.0	1.3	44.1	14.3	10.6	176,438	37,062
Mid-Atlantic	14.8	13.3	5.9	0.0	0.3	0.0	52.8	13.0	196,286	35,061
Mid-West	19.8	11.6	4.9	0.0	1.2	34.9	9.0	18.7	248,612	46,394
Northeast	16.8	11.1	3.2	0.1	0.6	7.7	21.1	39.4	125,674	17,999
Southwest	17.2	8.9	7.8	0.0	1.3	30.8	6.9	27.1	83,731	16,212
Total	17.3 %	12.8 %	5.0 %	1.6 %	5.0 %	18.6 %	18.0 %	21.7 %	1,075,768	196,226

Note: Directly-dialed, intraLATA calls only. Market shares are estimates based on sample data. For footnotes, please see notes following Table 17.

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

Table 17
Market Shares of Residential InterLATA Minutes
By Region

2002

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other	Sample Minutes	Sample Calls
Southeast	33.6 %	17.5 %	14.2 %	1.4 %	1.9 %	0.0 %	3.6 %	27.8 %	398,307	43,925
West	29.0	22.8	8.2	0.0	0.0	0.0	1.7	38.2	258,900	26,565
West Coast	31.6	19.0	9.1	0.0	2.6	0.3	6.8	30.6	231,347	25,603
Mid-Atlantic	34.7	20.5	8.7	0.0	2.6	0.0	3.9	29.5	282,984	34,990
Mid-West	31.0	18.7	6.7	0.0	1.7	0.0	6.0	35.9	296,070	36,117
Northeast	32.8	12.8	4.2	0.0	0.9	6.2	19.2	23.9	187,217	22,153
Southwest	24.0	13.3	8.1	0.0	1.5	19.9	2.7	30.4	226,761	26,253
Total	31.2 %	18.1 %	9.0 %	0.3 %	1.6 %	3.1 %	5.6 %	31.0 %	1,881,586	215,606

2001

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other	Sample Minutes	Sample Calls
Southeast	39.1 %	20.5 %	10.7 %	0.3 %	2.2 %	0.0 %	2.3 %	24.9 %	498,263	53,447
West	36.1	21.8	5.4	0.0	0.0	0.0	1.7	35.0	308,769	32,059
West Coast	36.5	20.7	6.6	0.0	2.1	0.0	4.7	29.4	233,121	25,589
Mid-Atlantic	36.4	24.6	8.3	0.0	3.7	0.0	0.3	26.7	322,813	37,443
Mid-West	38.7	19.0	6.5	0.0	2.8	0.0	4.4	28.6	351,266	41,141
Northeast	34.1	18.2	3.5	0.0	1.2	5.3	15.4	22.2	182,680	21,832
Southwest	29.0	17.1	9.0	0.0	0.7	12.0	1.7	30.4	244,496	25,623
Total	36.3 %	20.5 %	7.6 %	0.1 %	1.9 %	1.8 %	3.6 %	28.1 %	2,141,408	237,134

2000

Region [1]	AT&T [2]	MCI [3]	Sprint	BellSouth [4]	Qwest [5]	SBC [6]	Verizon [7]	Other	Sample Minutes	Sample Calls
Southeast	49.8 %	21.5 %	7.7 %	0.2 %	0.9 %	0.0 %	1.8 %	18.0 %	588,852	64,838
West	43.6	23.9	5.6	0.0	0.8	0.0	1.2	24.9	402,356	40,542
West Coast	42.0	21.8	7.2	0.0	2.5	0.1	3.8	22.7	271,189	28,952
Mid-Atlantic	43.8	26.1	7.0	0.0	2.2	0.0	0.4	20.6	352,114	40,005
Mid-West	47.3	19.4	7.7	0.0	1.7	0.0	3.0	20.9	444,234	50,584
Northeast	40.5	22.1	6.7	0.0	2.3	3.6	7.4	17.5	220,724	23,454
Southwest	37.2	18.4	10.0	0.0	1.8	1.6	3.1	28.0	225,380	23,701
Total	44.7 %	22.0 %	7.3 %	0.1 %	1.6 %	0.5 %	2.5 %	21.3 %	2,504,849	272,076

Note: Directly-dialed, interLATA calls only. Market shares are estimates based on sample data. For footnotes, please see next page.

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

Notes for Tables 15-17

[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.

Prices

The Consumer Price Index (CPI) is the nation's most widely recognized measure of retail price changes. It is published monthly by the Bureau of Labor Statistics (BLS), and measures the prices all urban consumers pay for most goods and services. BLS defines urban areas as Metropolitan Statistical Areas (MSAs) and small cities with populations greater than 2,500. About 80 percent of the U.S. population lives in urban areas.

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. Because of these circumstances, measures of average revenues are sometimes used as alternatives to price indices. Table 18 shows the consumer price indices for telephone service from January 1978 through January 2003.[12]

[12] See Industry Analysis and Technology Division, Wireline Competition Bureau, *Reference Book of Rates, Price Indices and Expenditures for Telephone Service,* (June 2002) for monthly information on the CPI going back to 1972.

Table 18
Consumer Price Indices
(December 1997 = 100)

		All Items	Telephone Services [1]		Local Telephone Services	Long Distance Telephone Services [2]	Interstate Long Distance Services	Intrastate Long Distance Services
BLS Series ID		CUUR0000SA0	CUUR0000SE270A	CUUR0000SEED	CUUR0000SEED01	CUUR0000SEED02	CUUR0000SS27051	CUUR0000SS27061
1978	January	38.7	59.4		42.2		110.2	90.3
	July	40.7	59.7		42.8		110.0	90.3
1979	January	42.3	59.5		42.5		109.4	90.9
	July	45.3	59.4		42.2		109.2	91.3
1980	January	48.2	59.9		43.3		108.4	90.9
	July	51.3	61.3		44.5		112.8	89.7
1981	January	53.9	63.4		47.1		112.9	91.0
	July	56.8	66.1		49.3		121.0	91.4
1982	January	58.5	70.6		52.4		129.5	98.4
	July	60.4	73.6		55.7		132.8	99.2
1983	January	60.6	76.9		59.3		134.2	102.7
	July	61.9	78.0		59.9		135.2	106.5
1984	January	63.2	82.4		65.1		134.7	110.0
	July	64.5	84.5		68.6		128.9	113.5
1985	January	65.4	85.7		70.6		128.9	111.8
	July	66.8	88.5		75.1		123.8	113.5
1986	January	67.9	89.9		77.0		124.1	112.7
	July	67.9	93.1		83.6		112.6	112.7
1987	January	68.9	91.5		84.0		102.5	113.0
	July	70.6	91.5		86.1		97.6	109.8
1988	January	71.7	90.8		85.4		96.0	109.9
	July	73.5	90.8		86.3		95.9	105.9
1989	January	75.1	91.6		88.5		94.3	102.9
	July	77.1	92.4		90.2		92.6	102.4
1990	January	79.0	92.2		90.6		91.9	100.5
	July	80.8	90.6		88.8		89.6	100.7
1991	January	83.4	93.6		93.7		89.2	98.6
	July	84.4	93.8		93.9		89.8	98.4
1992	January	85.6	94.7		95.1		91.2	97.7
	July	87.1	94.4		95.1		89.8	96.5
1993	January	88.4	94.7		95.5		90.8	95.7
	July	89.5	94.9		95.4		92.2	95.8
1994	January	90.6	95.7		95.7		95.5	95.6
	July	92.0	96.6		95.9		100.1	95.4
1995	January	93.2	97.8		98.2		101.5	90.7
	July	94.5	97.3		97.9		99.6	91.0
1996	January	95.7	100.2		98.0		100.8	92.1
	July	97.3	99.0		98.5		104.3	94.1
1997	January	98.6	100.1		98.7		106.9	97.0
	July	99.5	100.6		99.8		104.7	99.4
1998	January	100.2		99.9	100.0	99.8	100.0	99.6
	July	101.2		101.5	101.5	101.9	102.0	101.3
1999	January	101.9		100.7	102.2	99.9	99.3	101.3
	July	103.3		99.5	103.7	96.7	95.3	100.0
2000	January	104.6		100.9	104.8	98.5	98.3	100.1
	July	107.1		98.2	107.3	91.3	89.8	95.7
2001	January	108.5		98.8	110.5	89.9	83.1	94.2
	July	110.0		99.6	113.3	88.9	82.0	93.0
2002	January	109.7		100.3	115.7	88.2	81.4	92.6
	July	111.6		99.5	118.8	84.0	76.7	89.1
2003	January	112.6		100.4	121.4	83.4	77.3	87.0

[1] Series revised in December 1997. Current and previous series are not comparable.
[2] Series began in December 1997.

Source: Bureau of Labor Statistics.

Usage

The following tables are based on sample data provided by TNS Telecoms (TNS). Tables 19 and 20 show the distribution of residential toll calling across jurisdictions from 1995 through 2002. The data presented in Table 19 show that the distributions of toll calls and minutes were relatively stable over the years. Generally, about 60% of toll calling was intrastate, 39% was interstate and international, and a small remainder was unidentified. While Table 19 indicates household calling patterns have changed little, Table 20 shows that the monthly average number of minutes has fallen steadily from a peak of 149 per month in 1997, down to only 90 in 2002.[13]

Changes in the duration of calls have been subtle. The distribution of calls by duration, shown in Table 21, reveals some shifting in both intra- and interstate calling patterns. Regardless of type, the number of calls 46 minutes and greater was unchanged. Elsewhere in the distribution, however, calls seem to have gravitated to the 1 and 10 minute brackets and away from the brackets in between. The number of intra- and interstate calls between 10 and 11 minutes rose from 1.7% to 3.6% and from 2.2% to 4.9%, respectively. In the 1 minute bracket, the share of intra- and interstate calls rose from 42.6% to 45.1% and from 33.5% to 35.2%, respectively. Meanwhile the number of intrastate calls in the 11 to 45 minute range fell from 14.4% to 12.2% and number of interstate calls in this range fell from 26.1% to 23.0%. Similar decreases can be seen in the 2 to 9 minute range. In the aggregate, the average duration of a residential toll call fell by about 30 seconds over the years shown, from 7.6 to 7.1 minutes.

Table 22 shows that the distance traveled by a typical toll call remained short. Looking at all calls from 1999 to 2002, about half of all calls connect parties within 60 miles of each other and around 17% of toll calls are only 10 to 20 miles. As is the case when examining call durations, central tendency is better represented by the median distance rather than the mean because of severe skewness in the data. The median distance of a residential toll call, steady at about 60 miles through 2001, fell to 52 miles in 2002.

Comparing the duration and distance of residential toll calls, Table 23 shows that the average duration of both interstate and intrastate calls generally increased with the distance of the call. This relationship has remained apparent in the data over the years. Both intra- and interstate calling reflect this relationship, but there were differences between the two types of calls. Holding distance constant, intrastate calls were generally of shorter duration than interstate calls. Also, within distance bands, intrastate calls remained relatively constant or declined in duration over time. The average duration of 6 minutes and the median duration of 2 minutes have not changed over the four years of intrastate calling data shown. Interstate calls, on the other hand, show a different pattern over time, in which shorter calls (less than 70 miles) increased in duration and longer calls decreased in duration. These changes resulted in a 1 minute decline in the mean and median duration of an interstate call from 1999 to 2002.

Table 24 indicates that the timing of residential toll calling changed steadily since this report was last published. In 1999, sample data indicated that daytime calls on Sunday were most popular. Overall, consumers were about twice as likely to make a toll call on Sunday

[13] Table 20 does not take into account the growth of wireless toll.

relative to any other single day of the week (about 22% of toll calls were made on Sunday versus about 13% on any other day). Further, day and night calling was about equally likely during the week, and daytime calls were a little more than twice as likely on the weekends. Those patterns can be seen fading over time. By 2002, volumes were only slightly higher on Sundays (18.6%) relative to other days of the week (averaging 13.6%) and daytime calls were far more likely than nighttime calls on any day.

Table 19
Distribution of Residential Toll Calls and Minutes

Type	1995	1996	1997	1998	1999	2000	2001	2002
Calls								
IntraLATA-Intrastate	41 %	40 %	38 %	38 %	39 %	39 %	42 %	44 %
InterLATA-Intrastate	19	18	19	19	18	17	18	17
IntraLATA-Interstate	1	1	1	1	1	1	1	1
InterLATA-Interstate	37	35	37	36	37	36	36	34
International	1	1	1	1	1	1	1	1
Others[1]	2	5	5	4	4	5	2	2
Total Calls in Sample	197,787	165,465	483,685	578,850	474,408	538,337	456,328	427,781
Minutes								
IntraLATA-Intrastate	28 %	29 %	27 %	27 %	28 %	29 %	30 %	32 %
InterLATA-Intrastate	18	18	18	18	17	17	18	18
IntraLATA-Interstate	1	1	1	1	1	1	1	1
InterLATA-Interstate	50	47	49	49	49	47	48	46
International	2	1	1	1	2	2	2	2
Others[1]	1	4	4	3	3	5	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

Table 20
Average Residential Monthly Toll Minutes

Type	1995	1996	1997	1998	1999	2000	2001	2002
IntraLATA-Intrastate	40	41	41	40	36	33	32	28
InterLATA-Intrastate	26	26	27	26	23	19	19	16
IntraLATA-Interstate	1	1	1	1	1	1	1	1
InterLATA-Interstate	71	67	73	71	65	55	51	41
International	3	1	2	2	2	2	2	2
Others[1]	1	6	6	5	4	5	1	1
All Types	143	143	149	144	131	116	105	90

Notes for Tables 19 and 20.

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

[1] Toll-free calls or minutes 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* ™, *Bill Harvesting* ®.

Table 21

Distribution of Residential Long Distance Call Durations [1]

Duration of Call (Minutes)	Intrastate				Interstate				Total			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
1	42.6 %	42.8 %	44.1 %	45.1 %	33.5 %	33.3 %	34.3 %	35.2 %	38.9 %	39.0 %	40.2 %	41.4 %
2	13.1	13.1	13.0	13.1	9.6	9.3	9.1	9.6	11.6	11.6	11.5	11.8
3	8.5	8.0	7.9	8.1	7.0	7.0	7.1	7.1	7.9	7.6	7.6	7.7
4	5.2	5.0	4.8	4.8	4.2	4.1	4.1	4.1	4.8	4.6	4.5	4.6
5	3.8	3.8	3.6	3.4	3.6	3.4	3.3	3.4	3.7	3.6	3.5	3.4
6	3.1	3.0	2.8	2.8	3.1	3.0	2.9	2.8	3.1	3.0	2.9	2.8
7	2.5	2.3	2.3	2.2	2.7	2.6	2.5	2.4	2.6	2.5	2.4	2.3
8	2.1	2.0	1.9	1.8	2.5	2.4	2.3	2.2	2.3	2.2	2.0	2.0
9	1.9	1.7	1.6	1.6	2.2	2.1	2.0	2.0	2.0	1.8	1.7	1.7
10	1.7	3.1	3.7	3.6	2.2	4.0	5.0	4.9	1.9	3.5	4.2	4.1
11-15	5.6	5.3	5.1	4.8	8.2	8.2	7.7	7.5	6.7	6.5	6.1	5.8
16-20	3.3	3.2	3.1	2.8	5.9	5.7	5.6	5.2	4.4	4.2	4.0	3.7
21-25	2.1	2.0	1.9	1.7	4.2	4.1	3.8	3.6	3.0	2.8	2.7	2.5
26-30	1.4	1.3	1.3	1.2	3.0	2.9	2.8	2.5	2.0	1.9	1.8	1.7
31-45	2.0	2.0	1.8	1.7	4.8	4.6	4.4	4.2	3.1	3.1	2.8	2.6
46-60	0.7	0.7	0.6	0.6	1.8	1.8	1.7	1.7	1.1	1.1	1.0	1.0
> 60	0.6	0.7	0.6	0.6	1.6	1.6	1.6	1.6	1.0	1.1	1.0	1.0
Average Duration	6.0	6.1	5.9	5.6	10.0	10.0	9.7	9.4	7.6	7.7	7.4	7.1
Median Duration	2.0	2.0	2.0	2.0	3.9	4.0	3.0	3.0	2.1	2.0	2.0	2
Sample Size	248,060	276,854	242,259	231,835	169,458	188,406	155,762	139,400	417,518	465,260	398,021	371,235

[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* ™, *Bill Harvesting®*.

Table 22

Distance of Residential Long Distance Calls [1]

Distance of Call (Miles)	Intrastate Calls				Interstate Calls				All Calls			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
0<Miles<=10	7.4 %	7.2 %	7.6 %	7.7 %	1.5 %	1.6 %	1.9 %	1.7 %	5.0 %	5.0 %	5.3 %	5.4 %
10<Miles<=20	25.5	26.1	25.7	26.0	3.4	3.3	3.6	4.1	16.5	16.9	17.0	17.8
20<Miles<=30	19.2	19.3	18.6	19.2	3.1	2.5	2.9	3.0	12.7	12.5	12.5	13.1
30<Miles<=40	10.6	10.2	10.8	11.6	2.0	2.2	2.4	2.3	7.1	7.0	7.5	8.1
40<Miles<=50	7.0	6.8	7.1	6.7	1.8	1.7	1.4	1.9	4.9	4.7	4.9	4.9
50<Miles<=60	4.6	4.8	4.8	4.6	1.6	1.3	1.3	1.5	3.4	3.4	3.4	3.5
60<Miles<=70	3.8	3.8	4.2	3.5	1.2	1.2	1.3	1.2	2.7	2.8	3.0	2.6
70<Miles<=80	3.0	2.8	3.0	2.8	1.1	1.3	1.1	1.2	2.2	2.2	2.3	2.2
80<Miles<=90	2.4	2.4	2.3	2.2	1.3	1.1	1.1	1.3	2.0	1.9	1.9	1.9
90<Miles<=100	2.0	2.0	2.0	2.1	1.2	1.1	1.0	1.2	1.7	1.6	1.6	1.8
100<Miles<=250	12.1	11.9	11.3	11.1	15.4	14.5	14.3	14.8	13.5	13.0	12.5	12.5
250<Miles<=500	2.3	2.5	2.4	2.3	16.4	16.7	17.7	16.3	8.0	8.3	8.4	7.5
500<Miles<=1000	0.1	0.1	0.1	0.1	23.9	25.1	25.0	23.3	9.8	10.3	9.8	8.8
1000<Miles<=1500	0.0	0.0	0.0	0.0	13.3	13.0	12.9	12.9	5.4	5.3	5.0	4.9
1500<Miles<=2000	0.0	0.0	0.0	0.0	6.6	6.8	6.4	6.7	2.7	2.8	2.5	2.5
2000<Miles<=3000	0.0	0.0	0.0	0.0	6.1	6.2	5.6	6.2	2.5	2.5	2.2	2.3
Miles>3000	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total Calls	248,060	276,854	242,259	231,835	169,458	188,406	155,762	139,400	417,518	465,260	398,021	371,235
Average Distance	54	54	53	52	693	706	686	692	313	318	301	292
Median Distance	29	28	29	28	501	524	501	489	62	62	58	52

[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* ™, *Bill Harvesting*®.

Table 23

Duration of Residential Long Distance Calls by Distance [1]

Distance of Call (Miles)	Intrastate Calls				Interstate Calls				All Calls			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
0<Miles<=10	4.3	4.6	4.9	4.2	4.5	4.8	4.4	5.3	4.3	4.6	4.8	4.3
10<Miles<=20	4.7	5.2	4.8	4.7	5.0	5.6	4.9	6.1	4.7	5.3	4.8	4.8
20<Miles<=30	5.3	5.2	5.2	5.3	5.5	5.7	5.7	5.3	5.3	5.3	5.2	5.3
30<Miles<=40	5.8	5.5	5.4	5.2	6.1	5.9	6.0	6.3	5.9	5.6	5.5	5.3
40<Miles<=50	6.3	6.1	5.7	5.7	6.6	6.4	6.3	6.7	6.3	6.1	5.8	5.8
50<Miles<=60	6.6	6.4	6.1	6.4	6.5	7.0	7.7	7.3	6.6	6.5	6.4	6.6
60<Miles<=70	7.3	6.5	6.9	6.1	6.8	7.8	8.0	7.9	7.2	6.7	7.1	6.4
70<Miles<=80	6.9	7.4	7.1	7.0	8.4	7.9	7.7	7.7	7.2	7.5	7.2	7.1
80<Miles<=90	7.4	7.6	7.3	7.1	8.3	8.6	7.3	7.5	7.7	7.8	7.3	7.2
90<Miles<=100	8.3	7.9	7.8	7.3	8.5	8.3	8.4	7.6	8.4	8.0	7.9	7.3
100<Miles<=250	8.5	8.7	8.4	8.1	9.6	9.4	9.3	8.9	9.0	9.0	8.8	8.5
250<Miles<=500	9.5	9.2	8.8	8.6	10.7	10.6	10.1	9.8	10.5	10.3	9.9	9.6
500<Miles<=1000	10.2	9.3	9.7	10.8	11.4	11.1	11.0	10.5	11.4	11.1	11.0	10.5
1000<Miles<=1500	0.0	0.0	0.0	0.0	11.3	11.1	10.9	10.7	11.3	11.1	10.9	10.7
1500<Miles<=2000	0.0	0.0	0.0	0.0	11.5	11.4	10.7	11.2	11.5	11.4	10.7	11.2
2000<Miles<=3000	0.0	0.0	0.0	0.0	11.0	11.1	10.6	10.3	11.0	11.1	10.6	10.3
Miles>3000	0.0	0.0	0.0	0.0	13.7	13.4	11.2	9.6	13.7	13.4	11.2	9.6
Total Calls	248,060	276,854	242,259	231,835	169,458	188,406	155,762	139,400	417,518	465,260	398,021	371,235
Average Duration	6	6	6	6	10	10	10	9	8	8	7	7
Median Duration	2	2	2	2	4	4	3	3	2	2	2	2

[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* ™, *Bill Harvesting* ®.

Table 24
Distribution of Residential Long Distance Minutes By Day and Time [1]

2002

Day	7am-6:59pm	7pm-6:59am	Total
Monday	8.3 %	6.0 %	14.3 %
Tuesday	8.2	6.0	14.2
Wednesday	7.5	5.9	13.4
Thursday	7.5	5.7	13.1
Friday	7.5	4.7	12.2
Saturday	9.8	4.3	14.1
Sunday	11.9	6.7	18.6
Total	60.6 %	39.4 %	100.0 %

[1] Based on a sample of 215,687 directly dialed, interLATA calls.

2001

Day	7am-6:59pm	7pm-6:59am	Total
Monday	8.1 %	6.5 %	14.5 %
Tuesday	7.1	6.2	13.3
Wednesday	7.0	6.1	13.1
Thursday	7.2	6.0	13.3
Friday	7.0	5.1	12.1
Saturday	9.8	4.2	14.0
Sunday	12.4	7.3	19.7
Total	58.6 %	41.4 %	100.0 %

[1] Based on a sample of 237,134 directly dialed, interLATA calls.

2000

Day	7am-6:59pm	7pm-6:59am	Total
Monday	7.2 %	6.2 %	13.4 %
Tuesday	6.8	6.2	13.0
Wednesday	6.5	6.1	12.6
Thursday	6.9	6.2	13.2
Friday	6.9	4.8	11.7
Saturday	10.4	4.5	14.9
Sunday	13.5	7.7	21.2
Total	58.2 %	41.8 %	100.0 %

[1] Based on a sample of 272,076 directly dialed, interLATA calls.

1999

Day	7am-6:59pm	7pm-6:59am	Total
Monday	6.9 %	6.3 %	13.2 %
Tuesday	6.5	6.2	12.7
Wednesday	6.4	6.4	12.8
Thursday	6.5	6.2	12.7
Friday	6.7	4.9	11.6
Saturday	10.1	4.6	14.7
Sunday	14.2	8.1	22.3
Total	57.3 %	42.7 %	100.0 %

[1] Based on a sample of 245,480 directly dialed, interLATA calls.

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

Customer Response

Publication: *Statistics of the Long Distance Telecommunications Industry*

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Please rate the report:	Excellent	Good	Satisfactory	Poor	No opinion
Data accuracy	( )	( )	( )	( )	( )
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