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September 10, 1998

## COMMON CARRIER BUREAU RELEASES REPORT ON HISTORICAL PATTERNS OF LOCAL EXCHANGE CARRIER ENTRY INTO LONG DISTANCE

The Common Carrier Bureau has released a staff report entitled Historical Patterns of Entry Into Long Distance by Local Exchange Carriers. The report analyzes data collected by the National Exchange Carrier Association (NECA) on the number of lines served by long distance carriers in each local telephone company's service territory. At the end of 1996, NECA ceased collecting this information. Thus, the report summarizes the historical record available on the market shares achieved by local telephone companies that have chosen to provide long distance service to their local customers.

The number of local telephone companies that offer long distance service to their customers has increased steadily. The number of incumbent local exchange carriers (ILECs) offering long-distance service grew from 7 in 1989 to 66 in 1996, while the number of study areas served increased from 21 to 254. As a result, by the end of 1996, 30 million of the nation's telephone lines were located in areas where a customer could select the local telephone company, or an affiliate of the local telephone company, to handle both local and long distance service.

In the last five years, ILECs' long distance market shares have been higher in smaller study areas than in larger. Also, in the initial year of service, ILECs that began offering long distance service the same year as they converted to equal access tended to have relatively high market shares. By the fourth year of providing long distance service, however, market shares are similar regardless of whether the ILEC received an initial boost by entering the long distance business at the same time as providing equal access.

The report is available for reference in the Common Carrier Bureau Public Reference Room, 2000 M Street NW, Room 575. Copies may be purchased by calling International Transcription Services, Inc. (ITS) at (202) 857-3800. The report can be downloaded [file name ILEC-LD.PDF or ILEC-LD.ZIP] from the FCC-State Link internet site at <http://www.fcc.gov/ccb/stats> on the World Wide Web. The report can also be downloaded from the FCC-State Link computer bulletin board (202) 418-0241.

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For additional information, contact James Eisner of the Common Carrier Bureau's Industry Analysis Division, (202) 418-0940, or for user of TTY equipment, call 418-0484.

# HISTORICAL PATTERNS OF ENTRY INTO LONG DISTANCE BY LOCAL EXCHANGE CARRIERS

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September 1998



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## Historical Patterns of Entry into Long Distance by Local Exchange Carriers

Some local telephone companies have provided long distance service to their local customers for many years. These include mid-sized companies such as Aliant Communications Co.,<sup>1</sup> as well as smaller companies such as the Shenandoah Telephone Company.<sup>2</sup> This report summarizes the historical record available on the market shares achieved by local telephone companies that have chosen to provide long distance service to their local customers, when legally permitted to do so.<sup>3</sup>

In recent years the number of local telephone companies that offer long distance service to customers in their local service areas has increased steadily. In February of 1996, GTE operating companies began to do so. As a result, by the end of 1996, more than 30 million of the nation's telephone lines were located in areas where a customer could select the local telephone company, or an affiliate of the local telephone company, to handle both local and long distance service.

Until recently, the National Exchange Carrier Association (NECA) collected information on the number of lines served by each long distance carrier in each local telephone company's service territory.<sup>4</sup> At the end of 1996, NECA ceased collecting this information because it was no

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<sup>1</sup> Aliant Communications Co., formerly Lincoln Telephone and Telegraph Co., is a local exchange carrier with 260,000 access lines that provides service to southeastern Nebraska. Aliant has offered long distance service to its local customers since 1986. Currently, Aliant's local customers are offered long distance service by Aliant's long distance affiliate, Aliant Systems.

<sup>2</sup> Shenandoah Telephone Company, a local exchange carrier with over 20,000 access lines, provides service in northwest Virginia. The company has provided long distance service to its local customers for over 10 years.

<sup>3</sup> The Bell operating companies were precluded from providing long distance service to their local subscribers by the 1982 consent decree that contained the terms of the settlement of the Department of Justice's antitrust suit against AT&T. The consent decree was replaced by the Telecommunications Act of 1996, which sets forth specific requirements that Bell operating companies must meet prior to obtaining FCC authorization to provide long distance service in their local service areas. To date, no Bell operating company has received such authorization from the FCC.

<sup>4</sup> An abridged version of the NECA presubscribed line database, the source of all tables, can be found on the FCC-State Link internet site at <http://www.fcc.gov/ccb/stats> on the World Wide Web. The file names are PSL8991.ZIP, PSL9296.ZIP and PSLILEC.ZIP.

longer required for regulatory purposes.<sup>5</sup> Thus, it is not clear whether new data will be available to update future reports.

This report measures market share as a percentage of presubscribed lines. Other measures of market share, such as share of revenue or share of minutes, could be different. For example, the proportion of Connecticut's telephone lines presubscribed to SNET America in 1996 averaged about 25% but the calling volume on those lines accounted for only about 10% of total toll revenues.<sup>6</sup>

Three terms are used throughout this report:

#### Incumbent Local Exchange Carrier (ILEC)

In this report, this term simply means the primary provider of local telephone service in the area. The term is more precisely defined by the Telecommunications Act of 1996.<sup>7</sup>

#### Study Area

Many companies provide service in more than one state and, for many regulatory purposes, the operations in each state are counted separately and defined as a study area. Hence, Cincinnati Bell Telephone Co. is one ILEC with two study areas (Kentucky and Ohio).

#### Presubscribed Line (PSL)

A telephone line is said to be "presubscribed" to the long distance carrier that receives the long distance calls placed on that line. A presubscribed line or PSL is an ordinary telephone line connected to the public switched network. PSLs exclude specialized lines such as private lines, special access lines, and lines dedicated to 800, 888 and 877 service.<sup>8</sup>

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<sup>5</sup> Historically, such information had been used in the administration of universal service. As a result of rule changes following the passage of the Telecommunications Act of 1996, NECA stopped collecting such data, although the Common Carrier Bureau recently proposed that NECA should resume the collection of this information. See Common Carrier Bureau Seeks Comment on Program to Monitor Impacts of Universal Service Support Mechanisms, Public Notice, DA 98-580, CC Docket No. 96-45, CCB-IAD File No. 98-101, ¶ 44 (rel. Apr. 24, 1998).

<sup>6</sup> See Southern New England Telecommunication's 1997 SEC Form 10-K, and Industry Analysis Division, Universal Service and Telephone Revenue by State.

<sup>7</sup> See 47 U.S.C. § 251(h).

<sup>8</sup> In areas where equal access is available (areas now covering more than 99% of the nation's lines), customers may choose a long distance carrier. Thereafter, all of the customer's long distance calls are routed to the chosen carrier unless the customer alters normal dialing procedure. In this report, a line is presubscribed to the ILEC if the ILEC provides both local and long distance service, either by itself or through an affiliate. Long distance service does not include

## Discussion of Tables

Table 1 provides summary information on ILECs that have presubscribed lines in their own service areas; i.e., ILECs that offer long distance service to their local customers--either directly or through an affiliate. The number of local telephone companies offering long distance service increased from 7 in 1989 to 66 in 1996. The number of study areas served increased from 21 to 254. The number of lines served in areas where customers could purchase long distance service from their local telephone company increased from 5 million to 31 million. Interestingly, in areas where the ILECs offered long distance service, their average market share during this period declined slightly (from 17% to 13%).

Table 2 shows the distribution of ILECs providing long distance service by the number of their own study areas in which they provided service. In 1989, only one ILEC provided long distance service in three or more of its study areas. By year-end 1996, six ILECs provided long distance service in 186 study areas.<sup>9</sup>

Tables 3.1 through 3.4 show the number of study areas with lines presubscribed to the serving ILEC by market share and by size of study area. Where ILECs provide both local and long distance service, unaffiliated long distance carriers continue to provide long distance service to the majority of telephone customers. Since 1993, ILEC market shares have been higher in smaller study areas than in larger study areas. In 1996, for example, the ILECs' market share was over 30% in 27% of the smallest study areas (those with fewer than 10,000 lines). In contrast, ILECs had market shares over 30% in only 10% of the largest study areas.

Table 4 shows, by state, the number of study areas in which the serving ILECs have presubscribed lines. At year-end 1996, 43 states had at least one ILEC providing long distance telephone service to its customers. Tables 5, 6, and 7 show, by state, the number of lines presubscribed to ILECs in their own study areas, the number of total lines in those study areas, and the proportion of lines presubscribed to serving ILECs. At year-end 1996, there were over 300,000 lines presubscribed to ILECs in Connecticut, Florida, and North Carolina. The ILEC market shares varied from under 4% in Oregon and California to over 40% in South Dakota and North Dakota, again reflecting the fact that ILEC market shares are often highest in the very smallest study areas.

Table 8.1 shows the average ILEC's share of the long distance market by the year that the ILEC began offering long distance service.<sup>10</sup> Average ILEC market share is 15% in the first year.

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local (short-haul or intraLATA) toll. All data on PSLs reflect the number of lines at the end of the year.

<sup>9</sup> These ILECs were ALLTEL, Century, Citizens, Frontier, GTE, and Sprint/United.

<sup>10</sup> For study areas in which the ILEC began providing long distance service before January 1, 1990, the PSL database cannot identify the year that an ILEC began providing long distance

By the fourth year of providing service, ILEC market share averages 23%. Thereafter, ILEC market share may continue to rise slightly, although the evidence is not convincing.<sup>11</sup>

Tables 8.2 and 8.3 show that ILEC market share is significantly higher during the first year of service for ILECs that converted to equal access in the same year as they entered the long distance market. During the first year of service, ILEC market shares averaged only 9% for carriers that entered the long distance market after converting to equal access. In comparison, ILECs that entered the long distance market during the same year that they converted to equal access averaged a market share of 27% during the initial year. By the fourth year of providing service, market shares are similar regardless of whether the ILEC received an initial boost by entering the long distance business at the same time as providing equal access.<sup>12</sup> ILECs with high market share during their initial year of service typically had their share of presubscribed lines decline in subsequent years. Indeed, fully 80% of ILECs that achieved a market share of 30% or higher experienced a decline in share during their second year of service.

Cooperative telephone companies tend to have high market shares. Of the 19 study areas where a cooperative offered long distance service to its members, 15 of them had market share of 30% or more in their first year. Cooperatives accounted for over one-third of study areas with market share of 30% or more in the first year.

Table 9 shows the average ILEC market share for the first three years of service by size of the service area and whether the firm converted to equal access prior to entering the long distance market.<sup>13</sup> Once again, companies that entered the long distance market at the same time as converting to equal access achieved higher market shares than companies that had converted to equal access prior to entering long distance, and smaller and mid-sized companies generally achieved market shares greater than the larger firms.

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service. Therefore, these study areas are excluded from this analysis.

<sup>11</sup> An apparent increase in market share during the sixth and seventh year may simply reflect the fact that companies serving the longest are smaller than average -- smaller companies, on average, have higher shares.

<sup>12</sup> As 99% of the nation's lines have been converted to equal access, ILECs beginning to offer long distance service in the future generally will not have the opportunity to combine such entry with the provision of equal access.

<sup>13</sup> This table only includes ILECs that have provided long distance service for at least three years.

TABLE 1  
SHARE OF LINES SERVED BY ILECs IN THEIR OWN LOCAL SERVICE AREAS

Year	ILECs with Presubscribed Lines in their own service areas	Study Areas with Lines Presubscribed to the serving ILEC	Lines Presubscribed to ILECs in their own service areas	Total Lines in Study Areas with Lines Presubscribed to the serving ILEC	ILEC Share of Total Lines
1989	7	21	861,174	4,982,221	17.3 %
1990	9	25	957,969	5,275,279	18.2
1991	12	37	1,101,824	5,922,057	18.6
1992	18	55	1,422,150	7,989,993	17.8
1993	28	75	1,628,055	10,564,681	15.4
1994	42	101	1,819,772	11,357,655	16.0
1995	48	141	2,269,976	12,789,604	17.7
1996	66	254	4,020,982	31,016,942	13.0

TABLE 2  
DISTRIBUTION OF ILECs BY NUMBER OF STUDY AREAS IN WHICH THEY PROVIDE BOTH LOCAL AND LONG DISTANCE SERVICE

Year	ILECs Serving 1 Study Area	ILECs Serving 2 Study Areas	ILECs Serving 3 to 10 Study Areas	ILECs Serving 11 to 24 Study Areas	ILECs Serving 25 or More Study Areas	Total
1989	4	2	0	1	0	7
1990	5	3	0	1	0	9
1991	8	2	1	1	0	12
1992	12	3	2	1	0	18
1993	21	4	1	2	0	28
1994	33	6	0	3	0	42
1995	37	7	1	1	2	48
1996	52	8	0	2	4	66

TABLE 3.1  
STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC BY MARKET SHARE  
(ALL STUDY AREAS)

Market Share (%)	1989	1990	1991	1992	1993	1994	1995	1996
Less Than 10	5	7	14	25	33	38	48	91
10-20	8	6	12	13	14	19	29	59
20-30	5	6	2	5	6	17	22	54
30-40	2	4	5	3	9	10	14	20
40-50	1	1	2	6	5	5	15	18
50 or More	0	1	2	3	8	12	13	12
Total	21	25	37	55	75	101	141	254

TABLE 3.2  
STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC BY MARKET SHARE  
(STUDY AREAS WITH FEWER THAN 10,000 LINES)

Market Share (%)	1989	1990	1991	1992	1993	1994	1995	1996
Less Than 10	0	1	4	7	10	15	26	21
10-20	1	1	2	3	2	3	4	24
20-30	0	0	0	0	1	6	7	21
30-40	0	0	0	0	3	4	5	8
40-50	0	0	0	2	2	2	9	8
50 or More	0	0	0	0	2	4	7	9
Total	1	2	6	12	20	34	58	91

TABLE 3.3  
STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC BY MARKET SHARE  
(STUDY AREAS WITH 10,000 TO 50,000 LINES)

Market Share (%)	1989	1990	1991	1992	1993	1994	1995	1996
Less Than 10	0	0	2	4	8	11	11	24
10-20	1	0	2	2	2	3	7	11
20-30	2	3	1	3	3	7	9	20
30-40	1	2	2	1	2	3	6	5
40-50	0	0	1	2	1	2	4	9
50 or More	0	1	2	2	4	6	4	2
Total	4	6	10	14	20	32	41	71

TABLE 3.4  
STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC BY MARKET SHARE  
(STUDY AREAS WITH MORE THAN 50,000 LINES)

Market Share (%)	1989	1990	1991	1992	1993	1994	1995	1996
Less Than 10	5	6	8	14	15	12	11	46
10-20	6	5	8	8	10	13	18	24
20-30	3	3	1	2	2	4	6	13
30-40	1	2	3	2	4	3	3	7
40-50	1	1	1	2	2	1	2	1
50 or More	0	0	0	1	2	2	2	1
Total	16	17	21	29	35	35	42	92



TABLE 4  
STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC BY  
STATE

State	1989	1990	1991	1992	1993	1994	1995	1996	Study Areas*
Alabama	0	0	0	1	1	2	3	8	30
Alaska	0	0	0	0	0	0	0	0	25
Arizona	0	0	0	0	0	0	1	5	14
Arkansas	0	0	0	0	0	1	3	9	28
California	0	0	0	0	0	0	1	6	22
Colorado	0	0	0	0	0	0	1	1	27
Connecticut	0	0	0	0	1	1	1	1	2
Delaware	0	0	0	0	0	0	0	0	1
Dist. of Columbia	0	0	0	0	0	0	0	0	1
Florida	1	1	1	4	4	5	6	7	13
Georgia	0	0	0	0	0	2	2	7	36
Hawaii	0	0	0	0	0	0	0	1	1
Idaho	0	0	0	0	0	0	0	3	21
Illinois	0	0	0	1	1	4	9	14	56
Indiana	1	1	1	1	1	1	5	8	42
Iowa	0	0	0	0	0	0	2	6	153
Kansas	1	1	1	1	2	2	2	3	39
Kentucky	1	1	1	1	1	1	1	4	19
Louisiana	0	1	1	2	2	2	8	12	20
Maine	0	0	0	0	0	0	0	0	19
Maryland	0	0	0	0	0	0	0	0	2
Massachusetts	0	0	0	0	0	0	0	0	3
Michigan	0	0	0	0	2	3	4	6	38
Minnesota	1	1	1	2	2	4	4	6	89
Mississippi	0	0	0	0	0	0	1	2	19
Missouri	1	1	1	1	1	1	1	7	44
Montana	0	0	0	0	0	0	0	1	18
Nebraska	2	2	2	2	2	2	2	3	42
Nevada	0	0	0	1	1	1	1	4	14
New Hampshire	0	0	0	0	0	0	0	1	12
New Jersey	1	1	1	1	2	2	2	2	3
New Mexico	0	0	0	0	0	0	1	4	15
New York	1	1	3	3	5	7	10	12	44
North Carolina	1	1	1	2	4	5	5	8	26
North Dakota	0	0	0	0	0	1	2	3	24
Ohio	2	2	2	2	3	3	4	7	42
Oklahoma	0	0	0	0	1	2	2	3	39
Oregon	0	0	1	2	2	2	2	4	33
Pennsylvania	2	2	4	4	6	11	11	18	37
Rhode Island	0	0	0	0	0	0	0	0	1
South Carolina	3	4	5	6	7	7	8	11	27
South Dakota	0	0	0	0	0	1	1	1	32
Tennessee	1	1	1	1	2	3	5	7	25
Texas	0	1	1	3	7	9	11	19	57
Utah	0	0	0	0	0	0	0	2	13
Vermont	0	0	0	0	0	0	0	0	10
Virginia	2	2	2	3	3	3	3	4	21
Washington	0	0	1	1	1	1	1	3	22
West Virginia	0	0	0	0	0	0	2	3	10
Wisconsin	0	1	6	9	9	10	11	16	89
Wyoming	0	0	0	1	2	2	2	2	10
Nationwide	21	25	37	55	75	101	141	254	1,430

\* Number of study areas with and without lines presubscribed to the serving ILEC at year-end 1996.

TABLE 5  
LINES PRESUBSCRIBED TO ILECs IN THEIR OWN STUDY AREA BY STATE

State	1989	1990	1991	1992	1993	1994	1995	1996
Alabama	0	0	0	9,890	10,455	10,573	11,201	32,419
Alaska	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	18,618	27,399
Arkansas	0	0	0	0	0	5,124	10,179	37,537
California	0	0	0	0	0	0	10,494	138,241
Colorado	0	0	0	0	0	0	1,252	1,776
Connecticut	0	0	0	0	8,770	105,739	304,214	782,747
Delaware	0	0	0	0	0	0	0	0
Dist. of Columbia	0	0	0	0	0	0	0	0
Florida	147,579	173,020	181,165	216,677	231,486	229,493	243,990	434,391
Georgia	0	0	0	0	0	6,393	7,128	59,387
Hawaii	0	0	0	0	0	0	0	30,960
Idaho	0	0	0	0	0	0	0	6,267
Illinois	0	0	0	16,883	16,231	21,081	22,838	72,547
Indiana	12,528	13,755	12,478	15,633	20,280	22,613	29,132	59,546
Iowa	0	0	0	0	0	0	6,003	39,572
Kansas	5,158	5,341	6,049	8,040	11,497	16,280	19,429	25,023
Kentucky	9,665	10,097	9,951	9,373	8,272	7,344	7,545	34,136
Louisiana	0	7,399	6,788	9,183	9,357	9,647	19,696	33,461
Maine	0	0	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0	0	0
Michigan	0	0	0	0	386	300	9,786	76,445
Minnesota	14,420	22,414	19,991	22,248	21,441	20,990	35,301	64,993
Mississippi	0	0	0	0	0	0	8	4,031
Missouri	17,754	20,314	20,826	23,450	23,922	26,770	29,954	70,328
Montana	0	0	0	0	0	0	0	1,189
Nebraska	103,388	105,577	100,405	99,716	96,085	90,581	83,910	84,688
Nevada	0	0	0	46,988	53,380	65,410	82,283	120,090
New Hampshire	0	0	0	0	0	0	0	2,264
New Jersey	4,375	5,490	6,199	6,956	7,982	11,126	12,519	17,291
New Mexico	0	0	0	0	0	0	604	5,402
New York	51,516	65,851	73,448	88,471	120,068	128,380	194,965	284,935
North Carolina	218,717	228,145	252,523	296,319	365,743	357,680	355,509	381,829
North Dakota	0	0	0	0	0	14,517	16,995	22,597
Ohio	105,860	114,367	118,723	115,856	121,490	122,522	135,882	194,580
Oklahoma	0	0	0	0	2,640	9,814	17,254	21,340
Oregon	0	0	4,772	8,904	9,370	9,532	11,100	17,786
Pennsylvania	60,589	64,316	111,869	173,800	196,101	210,138	205,727	210,814
Rhode Island	0	0	0	0	0	0	0	0
South Carolina	20,071	27,910	47,614	71,263	79,576	80,851	82,027	90,353
South Dakota	0	0	0	0	0	3,907	3,667	3,382
Tennessee	62,422	61,149	59,182	61,330	66,997	76,965	82,473	104,289
Texas	0	2,121	17,032	58,310	75,991	78,190	86,421	209,014
Utah	0	0	0	0	0	0	0	1,545
Vermont	0	0	0	0	0	0	0	0
Virginia	27,132	30,695	32,252	39,261	44,197	49,673	55,093	68,693
Washington	0	0	1,644	3,095	3,902	5,040	6,626	47,083
West Virginia	0	0	0	0	0	0	4,037	21,280
Wisconsin	0	8	18,913	20,449	20,718	20,645	42,589	76,636
Wyoming	0	0	0	55	1,718	2,454	3,527	2,696
Nationwide	861,174	957,969	1,101,824	1,422,150	1,628,055	1,819,772	2,269,976	4,020,982

TABLE 6  
TOTAL LINES IN STUDY AREAS WITH LINES PRESUBSCRIBED TO THE SERVING ILEC  
BY STATE

State	1989	1990	1991	1992	1993	1994	1995	1996
Alabama	0	0	0	30,118	32,543	42,938	57,931	330,260
Alaska	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	75,726	134,326
Arkansas	0	0	0	0	0	18,224	41,123	331,089
California	0	0	0	0	0	0	93,812	3,804,041
Colorado	0	0	0	0	0	0	5,909	6,818
Connecticut	0	0	0	0	1,838,346	1,869,264	1,931,921	2,015,389
Delaware	0	0	0	0	0	0	0	0
Dist. of Columbia	0	0	0	0	0	0	0	0
Florida	983,246	1,035,848	1,103,059	1,459,223	1,533,577	1,612,818	1,695,285	3,800,742
Georgia	0	0	0	0	0	46,737	51,059	505,651
Hawaii	0	0	0	0	0	0	0	615,288
Idaho	0	0	0	0	0	0	0	127,883
Illinois	0	0	0	183,987	184,900	203,004	220,858	1,058,268
Indiana	180,440	183,049	186,331	192,159	201,526	209,024	225,773	1,040,274
Iowa	0	0	0	0	0	0	51,316	319,402
Kansas	66,938	67,388	68,151	68,305	122,856	124,493	126,519	133,277
Kentucky	137,842	143,127	146,392	149,117	154,149	161,010	198,130	639,722
Louisiana	0	22,010	22,615	29,693	31,833	33,835	116,846	132,963
Maine	0	0	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0	0	0
Michigan	0	0	0	0	73,256	93,709	99,955	771,489
Minnesota	100,459	104,508	107,960	204,095	213,826	228,355	237,027	363,536
Mississippi	0	0	0	0	0	0	13,938	25,558
Missouri	170,282	179,113	185,768	192,596	194,219	208,243	189,870	638,160
Montana	0	0	0	0	0	0	0	7,520
Nebraska	239,634	245,228	247,179	253,196	259,930	269,257	276,340	335,265
Nevada	0	0	0	508,020	546,210	594,543	624,936	755,628
New Hampshire	0	0	0	0	0	0	0	8,841
New Jersey	138,188	143,167	146,153	150,278	163,864	170,459	179,203	189,400
New Mexico	0	0	0	0	0	0	4,803	87,510
New York	437,390	441,747	508,664	521,039	553,439	597,604	903,172	1,007,532
North Carolina	757,888	772,720	803,897	1,041,689	1,199,262	1,283,464	1,341,131	1,837,496
North Dakota	0	0	0	0	0	27,546	41,374	55,778
Ohio	1,078,327	1,098,420	1,113,427	1,136,862	1,230,155	1,270,547	1,421,825	2,391,246
Oklahoma	0	0	0	0	6,770	56,212	56,882	154,785
Oregon	0	0	54,682	65,509	68,210	72,161	74,916	489,695
Pennsylvania	330,378	340,555	562,500	575,149	611,933	693,603	715,015	1,512,429
Rhode Island	0	0	0	0	0	0	0	0
South Carolina	95,528	112,810	152,701	207,502	217,987	237,371	246,892	477,306
South Dakota	0	0	0	0	0	5,896	6,016	6,066
Tennessee	169,282	174,995	167,395	189,476	205,209	239,959	317,502	366,198
Texas	0	109,208	111,541	327,182	380,965	409,846	439,628	2,135,957
Utah	0	0	0	0	0	0	0	13,630
Vermont	0	0	0	0	0	0	0	0
Virginia	96,399	99,276	100,300	335,901	346,703	352,034	369,021	814,133
Washington	0	0	57,926	60,071	63,534	65,487	67,881	794,848
West Virginia	0	0	0	0	0	0	102,461	128,358
Wisconsin	0	2,110	75,416	102,641	119,951	146,870	153,731	639,445
Wyoming	0	0	0	6,185	9,528	13,142	13,877	13,740
Nationwide	4,982,221	5,275,279	5,922,057	7,989,993	10,564,681	11,357,655	12,789,604	31,016,942

TABLE 7  
ILECs SHARE OF PRESUBSCRIBED LINES IN THEIR OWN SERVICE AREA BY STATE  
(IN PERCENT)

State	1989	1990	1991	1992	1993	1994	1995	1996
Alabama	N.A.	N.A.	N.A.	32.8	32.1	24.6	19.3	9.8
Alaska	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Arizona	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	24.6	20.4
Arkansas	N.A.	N.A.	N.A.	N.A.	N.A.	28.1	24.8	11.3
California	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	11.2	3.6
Colorado	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	21.2	26.0
Connecticut	N.A.	N.A.	N.A.	N.A.	0.5	5.7	15.7	38.8
Delaware	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dist. of Columbia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Florida	15.0	16.7	16.4	14.8	15.1	14.2	14.4	11.4
Georgia	N.A.	N.A.	N.A.	N.A.	N.A.	13.7	14.0	11.7
Hawaii	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5.0
Idaho	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.9
Illinois	N.A.	N.A.	N.A.	9.2	8.8	10.4	10.3	6.9
Indiana	6.9	7.5	6.7	8.1	10.1	10.8	12.9	5.7
Iowa	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	11.7	12.4
Kansas	7.7	7.9	8.9	11.8	9.4	13.1	15.4	18.8
Kentucky	7.0	7.1	6.8	6.3	5.4	4.6	3.8	5.3
Louisiana	N.A.	33.6	30.0	30.9	29.4	28.5	16.9	25.2
Maine	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Maryland	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Massachusetts	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Michigan	N.A.	N.A.	N.A.	N.A.	0.5	0.3	9.8	9.9
Minnesota	14.4	21.4	18.5	10.9	10.0	9.2	14.9	17.9
Mississippi	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	0.1	15.8
Missouri	10.4	11.3	11.2	12.2	12.3	12.9	15.8	11.0
Montana	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	15.8
Nebraska	43.1	43.1	40.6	39.4	37.0	33.6	30.4	25.3
Nevada	N.A.	N.A.	N.A.	9.2	9.8	11.0	13.2	15.9
New Hampshire	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	25.6
New Jersey	3.2	3.8	4.2	4.6	4.9	6.5	7.0	9.1
New Mexico	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.6	6.2
New York	11.8	14.9	14.4	17.0	21.7	21.5	21.6	28.3
North Carolina	28.9	29.5	31.4	28.4	30.5	27.9	26.5	20.8
North Dakota	N.A.	N.A.	N.A.	N.A.	N.A.	52.7	41.1	40.5
Ohio	9.8	10.4	10.7	10.2	9.9	9.6	9.6	8.1
Oklahoma	N.A.	N.A.	N.A.	N.A.	39.0	17.5	30.3	13.8
Oregon	N.A.	N.A.	8.7	13.6	13.7	13.2	14.8	3.6
Pennsylvania	18.3	18.9	19.9	30.2	32.0	30.3	28.8	13.9
Rhode Island	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
South Carolina	21.0	24.7	31.2	34.3	36.5	34.1	33.2	18.9
South Dakota	N.A.	N.A.	N.A.	N.A.	N.A.	66.3	61.0	55.8
Tennessee	36.9	34.9	35.4	32.4	32.6	32.1	26.0	28.5
Texas	N.A.	1.9	15.3	17.8	19.9	19.1	19.7	9.8
Utah	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	11.3
Vermont	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Virginia	28.1	30.9	32.2	11.7	12.7	14.1	14.9	8.4
Washington	N.A.	N.A.	2.8	5.2	6.1	7.7	9.8	5.9
West Virginia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	3.9	16.6
Wisconsin	N.A.	0.4	25.1	19.9	17.3	14.1	27.7	12.0
Wyoming	N.A.	N.A.	N.A.	0.9	18.0	18.7	25.4	19.6
Nationwide	17.3	18.2	18.6	17.8	15.4	16.0	17.7	13.0

N.A. Not Applicable

TABLE 8.1  
AVERAGE ILEC SHARE OF PRESUBSCRIBED LINES IN ITS SERVICE AREA  
(ALL STUDY AREAS)

Year Beginning Long Distance Service	Year Offering Long Distance Service							Average PSLs	Study Areas
	First	Second	Third	Fourth	Fifth	Sixth	Seventh		
1990	22.2 %	25.5 %	27.0 %	27.8 %	26.4 %	26.7 %	30.5 %	36,528	4
1991	13.5	16.2	17.6	15.7	24.8	30.5		41,659	12
1992	16.3	16.5	16.1	18.1	19.1			109,486	17
1993	24.0	23.1	28.0	31.4				107,454	21
1994	27.2	32.1	34.0					13,440	27
1995	14.4	24.0						21,116	40
1996	10.7							155,643	114
Total	15.2	23.9	25.9	23.1	22.1	29.6	30.5	100,913	235
Sample Size	235	120	80	52	33	16	4		

TABLE 8.2  
AVERAGE ILEC SHARE OF PRESUBSCRIBED LINES IN ITS SERVICE AREA  
(STUDY AREAS CONVERTED TO EQUAL ACCESS BEFORE ILEC OFFERED LONG DISTANCE)

Year Beginning Long Distance Service	Year Offering Long Distance Service							Average PSLs	Study Areas
	First	Second	Third	Fourth	Fifth	Sixth	Seventh		
1990									
1991	55.2 %	53.7 %	60.7 %	56.3 %	49.8 %	45.0 %		38,976	1
1992	9.9	10.6	11.4	16.1	18.5			189,385	9
1993	14.7	13.9	17.2	25.2				187,089	11
1994	13.6	21.2	27.0					17,222	12
1995	5.7	19.5						25,019	28
1996	8.1							187,612	94
Total	8.9	18.1	20.6	22.7	21.6	45.0		144,155	155
Sample Size	155	60	32	20	10	1			

TABLE 8.3  
AVERAGE ILEC SHARE OF PRESUBSCRIBED LINES IN ITS SERVICE AREA  
(STUDY AREAS CONVERTED TO EQUAL ACCESS IN SAME YEAR ILEC OFFERED LONG DISTANCE)

Year Beginning Long Distance Service	Year Offering Long Distance Service							Average PSLs	Study Areas
	First	Second	Third	Fourth	Fifth	Sixth	Seventh		
1990	22.2 %	25.5 %	27.0 %	27.8 %	26.4 %	26.7 %	30.5 %	36,528	4
1991	9.7	12.8	13.7	12.0	22.5	29.2		41,903	11
1992	23.6	23.2	21.4	20.3	19.9			19,600	8
1993	34.2	32.3	38.8	38.2				19,854	10
1994	38.1	40.9	39.6					10,415	15
1995	34.7	34.4						12,007	12
1996	23.4							5,389	20
Total	27.3	29.6	29.4	23.4	22.3	28.5	30.5	17,131	80
Sample Size	80	60	48	32	23	15	4		

TABLE 9  
 AVERAGE ILEC SHARE OF LONG DISTANCE PRESUBSCRIBED LINES IN ITS SERVICE AREA  
 FOR FIRST THREE YEARS OF SERVICE\*

Presubscribed Lines	Conversion to Equal Access		Total
	Prior to Entering Long Distance	Same Year as Entering Long Distance	
Fewer Than 10,000 Lines			
First Year of Service	17.2 %	24.2 %	22.5 %
Second Year of Service	20.1 %	27.1 %	25.4 %
Third Year of Service	23.7 %	27.7 %	26.7 %
Number of Study Areas	8	25	33
10,000-50,000 Lines			
First Year of Service	16.7 %	35.4 %	26.1 %
Second Year of Service	22.2 %	32.3 %	27.2 %
Third Year of Service	26.3 %	34.7 %	30.5 %
Number of Study Areas	15	15	30
Greater Than 50,000 Lines			
First Year of Service	4.7 %	20.0 %	11.9 %
Second Year of Service	5.4 %	25.4 %	14.8 %
Third Year of Service	8.3 %	25.0 %	16.2 %
Number of Study Areas	9	8	17
Total			
First Year of Service	13.5 %	27.0 %	21.6 %
Second Year of Service	16.9 %	28.4 %	23.8 %
Third Year of Service	20.6 %	29.4 %	25.9 %
Number of Study Areas	32	48	80

\* This sample includes only ILECs that have provided long distance service for at least three years, and began service after January 1, 1990.

## Customer Response

Publication: Historical Patterns of Entry Into Long Distance by Local Exchange Carriers, September, 1998

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

1. Please check the category that best describes you:

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- potential telecommunications carrier
- business customer evaluating vendors/service options
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2. Please rate the report: Excellent      Good      Satisfactory      Poor      No opinion

Data accuracy	( )	( )	( )	( )	( )
Data presentation	( )	( )	( )	( )	( )
Timeliness of data	( )	( )	( )	( )	( )
Completeness of data	( )	( )	( )	( )	( )
Text clarity	( )	( )	( )	( )	( )
Completeness of text	( )	( )	( )	( )	( )

3. Overall, how do you rate this report?      Excellent      Good      Satisfactory      Poor      No opinion

( )                      ( )                      ( )                      ( )                      ( )

4. How can this report be improved?

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5. May we contact you to discuss possible improvements?

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To discuss the information in this report, contact James Eisner: Industry Analysis Division at 202-418-0940, or for users of TTY equipment, call (202)418-0484		
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