

Annual Report on Telecommunications Markets in Illinois

Submitted to the Illinois General Assembly
Pursuant to Section 13-407 of the
Illinois Public Utilities Act



Illinois Commerce Commission

527 East Capitol Avenue
Springfield, Illinois 62701

www.icc.illinois.gov

September 2010

STATE OF ILLINOIS



ILLINOIS COMMERCE COMMISSION

September 9, 2010

The Honorable Members of the Illinois General Assembly
State Capitol
Springfield, Illinois

Dear Members of the Illinois General Assembly:

Enclosed is the Illinois Commerce Commission's Report to the General Assembly entitled "Annual Report on Telecommunications Markets in Illinois."

This report is submitted to the Illinois General Assembly in compliance with Section 13-407 of the Illinois Public Utilities Act.

Sincerely,

A handwritten signature in black ink that reads "Manuel Flores".

Manuel Flores
Acting Chairman

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EXECUTIVE SUMMARY

This report presents summary statistics on competition in basic local telephone services and the deployment of high speed services in Illinois. It is the ninth such Report submitted to the Illinois General Assembly by the Illinois Commerce Commission pursuant to Section 13-407 of the Illinois PUA. The first such report was submitted to the General Assembly on October 23, 2002.

On June 15, 2010, Governor Quinn signed Public Act 096-0927, which significantly updated telecommunication regulation in Illinois. Among many other revisions, PA 096-0927 altered the Commission's specific responsibilities and authorities concerning its annual report on telecommunications competition for the General Assembly. The instant Report, dated September 9, 2010 is the last to be produced pursuant to PUA Section 13-407 as it existed prior to enactment of PA 096-0927. The Commission's 2011 (and subsequent) reports on telecommunications competition in Illinois will be produced pursuant to the newly revised PUA Section 13-407.

The statistics presented in this report are compiled from data reported to the Illinois Commerce Commission and the Federal Communications Commission. The report provides a snapshot of competition in the areas of telephone and high speed service. The following are selected highlights from the facts and findings in this Report:

- 45 incumbent local exchange carriers (ILECs) and 84 competitive local exchange carriers (CLECs) reported providing POTS (“plain old telephone service”) to Illinois customers as of December 31, 2009. These figures compare to 45 ILECs and 87 CLECs reporting as of December 31, 2008.
- CLECs provided approximately 1.5 million (or 23%) of the roughly 6.3 million reported total Illinois POTS lines in service at year-end 2009. The number of CLEC reported POTS lines statewide remained roughly constant between year-end 2008 and year-end 2009.
- ILECs provided approximately 4.8 million (or 77%) of the roughly 6.3 million reported Illinois POTS lines in service at year-end 2009. The number of ILEC reported POTS lines decreased in Illinois from approximately 5.2 million at year-end 2008 to approximately 4.8 million at year-end 2009.
- The number of reported POTS lines in Illinois decreased between year-end 2001 and year-end 2009 by approximately 2.8 million lines (or 31%).
- Based on estimates derived from residential E-911 listings, over 400,000 residential competitive provider lines were provided by providers that currently do not report line counts to the Commission. If these lines are added to the reported CLEC POTS counts, then CLECs provided approximately 1.9 million (or 28%) of the roughly 6.7 million estimated Illinois POTS lines.
- Over 60% of the 1.5 million reported CLEC POTS lines (or approximately 900,000 lines) in Illinois were provided over CLEC owned loops.
- Mobile-wireless subscribership continued to grow between year-end 2007 and year-end 2008 as it has for several years. The number of wireless subscribers in Illinois at year-end 2008 (approximately 10.9 million) exceeds not only wireline subscribers reported for year-end 2008, but reported wireline

subscribers for all periods since the Commission began producing reports pursuant to Section 13-407.

- Illinois providers served nearly 4.3 million Illinois high speed customers as of December 31, 2008.

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I. INTRODUCTION

Section 13-407 of the Illinois Public Utilities Act (PUA) requires that the Illinois Commerce Commission (Commission) monitor and analyze the status of competition in Illinois telecommunications markets, and to annually report its findings concerning telecommunications competition to the Illinois General Assembly:

The Commission shall monitor and analyze patterns of entry and exit and changes in patterns of entry and exit for each relevant market for telecommunications services, including emerging high speed telecommunications markets...and... shall include its findings together with appropriate recommendations for legislative action in its annual report to the General Assembly. (220 ILCS 5/13-407)

The Commission's first Annual Report on Telecommunications produced pursuant to PUA Section 13-407 was submitted to the Illinois General Assembly on October 23, 2002. That Report summarized competitive developments in plain old telephone service (POTS) based on information reported by local exchange carriers to the Commission as of December 31, 2001. That report also presented and summarized information submitted to the Federal Communications Commission (FCC) on trends in high speed and wireless provisioning.

This current Report, dated September 9, 2010, also summarizes competitive developments in POTS services, but it has been updated to reflect the most recent available information reported to the Commission (as of December 31, 2009), and the most recent data made available by the FCC (as of December 31, 2008) concerning high speed and wireless service provisioning. The bulk of the data provided by Illinois carriers and compiled by Commission Staff is displayed in Appendix B of this report (Tables B1 through B4). Selected

data from these tables are highlighted and displayed in several sections of the Report itself.¹

On June 15, 2010, Governor Quinn signed Public Act 096-0927, which significantly updated telecommunication regulation in Illinois. Among many other revisions, PA 096-0927 altered the Commission's specific responsibilities and authorities concerning its annual report on telecommunications competition for the General Assembly. The instant Report, dated September 9, 2010 is the last to be produced pursuant to PUA Section 13-407 as it existed prior to enactment of PA 096-0927. The Commission's 2011 (and subsequent) reports on telecommunications competition in Illinois will be produced pursuant to the newly revised PUA Section 13-407.

II. TELEPHONE SERVICES

A. Overview

"POTS" (plain old telephone service) is the acronym often used to refer to basic local voice service provided over the wireline public switched telephone network (PSTN). POTS service enables the end-user to place and receive calls to and from any other user on the PSTN. The information presented in this section of this report focuses on the local line (or loop) that connects end-users to the PSTN, and thus enables the provision of POTS.

Technologies used to provide POTS service vary. Local exchange carriers (LECs) traditionally have provisioned POTS service over a "twisted" pair of copper wires and electronics that enable the customer to make or receive a single phone call. Many carriers increasingly are providing POTS service over

¹ The bulk of the information provided herein reflects data reported by ILECs and CLECs measuring provisioning as of December 31, 2009.

alternative technologies, such as fiber optics and associated electronics which allow multiple customers to make simultaneous phone calls over a single fiber optic strand. To enable uniform reporting and analysis of POTS service regardless of the technologies utilized, the information presented herein is reported by voice grade equivalent (VGE) lines. Carriers report the number of lines provided by measuring the number of simultaneous phone calls that their customers are able to make or receive. This uniformity ensures direct comparability for purposes of reporting, discussion and analysis.

There are two general classes of LECs providing wireline POTS service in Illinois: incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). An ILEC is a telecommunications carrier (including its successors, assigns, and affiliates) that historically has served as the exclusive provider of wireline local telephone service in a specific service territory. CLECs are competitive carriers that have been authorized and certificated by the Commission to provide local telephone service in competition with ILECs. Some telecommunications carriers operate as both an ILEC and CLEC.²

ILECs generally serve non-overlapping geographic areas, and consumers historically have obtained local telephone service from only one ILEC. Thus, absent competitive entry by CLECs, customers typically have only one source for POTS service - the ILEC that serves the area where the customer is located.³ In contrast to ILECs, which generally do not compete in the service areas of other

² Such carriers were requested to report to the Commission information separately for ILEC and CLEC operational units. With the merger of SBC Communications, Inc. and AT&T Corp., the ILEC Illinois Bell Telephone Company now has affiliates that are certified as a CLECs and are providing lines within its incumbent local service area. For purposes of this report all lines provided by this affiliate that are provided in Illinois Bell Telephone Company ILEC service areas have been treated as though provided by Illinois Bell Telephone Company. The approach adopted here with respect to the merged entities, to the extent feasible given the information supplied by the companies, minimizes the error of counting affiliates as competitors and of excluding competitive activity by ILEC affiliates outside their affiliated ILEC service areas.

³ This does not consider non-POTS alternatives, such as cellular or satellite service that may be available to local telecommunications customers.

ILECs, many CLECs provide service in the same areas as other CLECs as well as ILECs.

Both the Illinois PUA and the Federal Telecommunications Act of 1996 strongly encourage and endorse the development of competition in local telecommunications services. Together, these Acts provide a framework for new competitors to enter local markets by three fundamental and distinct methods, as follows:

- Building complete telecommunications networks using their own facilities,
- Leasing a portion of the facilities needed to serve end-user customers from ILECs as unbundled network elements (UNEs),
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

Recently, competitors have increasingly adopted two additional methods of entry:

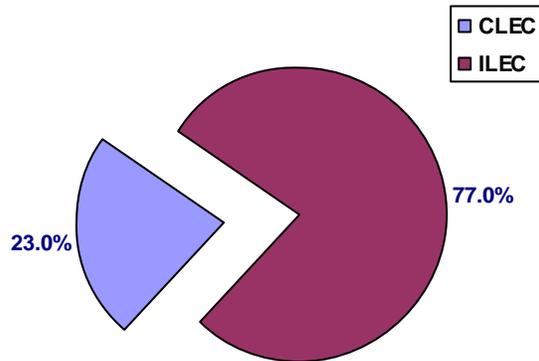
- Leasing all or a portion of the facilities needed to serve end-user customers from ILECs under commercial agreements,
- Leasing or purchasing telecommunications services from non-ILECs at discounted prices and reselling these services to customers.

This report summarizes the use of each of these five methods by CLECs in Illinois. Regardless of the method utilized by a CLEC, significant cooperation and coordination between ILECs and CLECs is crucial to the maintenance and proper operation of the PSTN. This remains true even where a CLEC has deployed a network utilizing 100% of its own facilities. Even under these circumstances, telephone traffic must be passed back and forth efficiently and reliably between the networks of all ILECs and all CLECs.

B. Statewide Competition In Retail POTS in Illinois

As Figure 1 shows, at year-end 2009, reporting CLECs provided approximately 23% of all reported retail POTS lines in Illinois. In total,

Figure 1: ILEC and CLEC Retail POTS Market Shares



approximately 6.3 million total retail POTS lines were reported in Illinois. ILECs provided approximately 4.8 million lines (or 77%), while reporting CLECs provided approximately 1.5 million lines (or 23%). Table 1 displays these figures and comparable figures for year-end 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008.

Table 1: Retail POTS Lines in Illinois

<i>Date</i>	<i>Total Lines</i>	<i>ILEC Lines</i>	<i>CLEC Lines</i>	<i>CLEC Share</i>
<i>Dec 2001</i>	9,036,493	7,628,679	1,407,814	16%
<i>Dec 2002</i>	8,727,943	7,029,967	1,697,976	19%
<i>Dec 2003</i>	8,327,835	6,549,268	1,778,567	21%
<i>Dec 2004</i>	8,103,503	6,262,826	1,840,677	23%
<i>Dec 2005</i>	7,805,958	6,462,064	1,343,894	17%
<i>Dec 2006</i>	7,221,713	6,108,281	1,113,432	15%
<i>Dec 2007</i>	7,061,103	5,684,221	1,376,882	20%
<i>Dec 2008</i>	6,691,734	5,228,376	1,463,358	22%
<i>Dec 2009</i>	6,278,499	4,810,584	1,467,915	23%

As Table 2 shows, 45 ILECs provide POTS lines in Illinois. The 4 largest ILECs (AT&T Illinois, Verizon⁴, Frontier/Citizens, and Consolidated

⁴ On July 1, 2010 Frontier Communications Corporation announced that it had completed its acquisition of Verizon Communications' local wireline operations in 14 states, including Illinois. Because the information included in this report reflects the status of the telecommunications

Communications) provided over 97% of all ILEC retail POTS lines, while the remaining 41 ILECs provided approximately 3% of the total ILEC lines in Illinois.⁵

Eighty-four CLECs reported providing retail POTS service in Illinois.⁶ Of these 84 CLECs, the 4 largest (Comcast, Call One, PaeTec/McLeodUSA and CIMCO⁷) accounted for approximately 66% of all reported CLEC retail POTS lines, while the remaining 80 CLECs provided approximately 34% of all reported CLEC retail POTS lines.

Table 2: Retail POTS Providers in Illinois

<i>Date</i>	<i>No. of Retail POTS Providers Reporting</i>	<i>No. of ILEC POTS Providers Reporting</i>	<i>No. of CLEC POTS Providers Reporting</i>
<i>Dec 2001</i>	82	47	35
<i>Dec 2002</i>	94	49	45
<i>Dec 2003</i>	102	49	53
<i>Dec 2004</i>	114	49	65
<i>Dec 2005</i>	114	45	69
<i>Dec 2006</i>	136	45	91
<i>Dec 2007</i>	125	45	80
<i>Dec 2008</i>	132	45	87
<i>Dec 2009</i>	129	45	84

The number of lines reported by CLECs has increased year-to-year in all periods except for periods between year-end 2004 and year-end 2005 and between year-end 2005 and year-end 2006. Reductions between year-end 2004

market in Illinois at year-end 2009, Verizon and Frontier/Citizens are treated as separate companies for purposes of this report.

⁵ One mutual incumbent local exchange carrier, Clarksville Mutual Telephone did not report line counts to the Commission for year-end 2008. It is, however, included in ILEC carrier counts above. Year-end 2009 line counts for this entity were assumed to be the same as line counts reported by this entity for year-end 2005.

⁶ This figure treats affiliated CLECs under common control as a single competitive entity.

⁷ On March 16, 2010 Comcast completed the acquisition of the assets of CIMCO. Because the information included in this report reflects the status of the telecommunications market in Illinois at year-end 2009, Comcast and CIMCO are treated as separate companies for purposes of this report.

and year-end 2005 were attributable in no small part to the merger, completed in 2005, between SBC Communications, Inc. and AT&T Corp. This merger caused lines formerly reported by the former CLEC AT&T Corp. (and/or its CLEC affiliates) to be reclassified as ILEC lines for purposes of this report. This merger does not, however, account for the entire decrease in reported CLEC lines between year-end 2004 and year-end 2005, nor does it account for any of the reduction in CLEC reported lines between year-end 2005 and year-end 2006.

The decreases between year-end 2005 and year-end 2006 in CLEC reported lines, as well as other recent year-to-year changes, reflect, at least in part, increased competition from non-reporting providers. The implications of this increased competition are discussed in the next section.

C. Competition from Non-Reporting Providers

As Table 1 shows, the total reported retail POTS lines fell by approximately 2.8 million lines (or nearly 31%) over the eight year period between year-end 2001 and year-end 2009. The largest single year decrease occurred in the period year-end 2005 to year-end 2006. Between year-end 2005 and year-end 2006 the total number of reported retail POTS lines fell by over 580,000 (nearly 7.5%). These reductions in total reported lines are consistent with other indications that customers are substituting non-reported telecommunications services for reported POTS services.

There are several substitutes for reported POTS service that likely are not reflected in the figures reported in Table 1. Two services in particular serve, to some degree, as substitutes for POTS services, but are not fully reflected in the competition numbers reported above. The first such service is wireless mobile or cellular service. The second is voice over Internet protocol or VoIP service.

In the past, most telecommunications customers purchased cellular service in addition to, rather than as a substitute for, their traditional wireline POTS service.⁸ As noted by the FCC, however, recent survey data and substitution studies indicate that consumers increasingly are substituting wireless service for wireline service.⁹ These data indicate that by 2009 approximately 21.1% of the adult population lived in households with only wireless service, which suggests that the decline in reported POTS lines in Illinois is, in part, a result of wireless substitution.¹⁰ Unfortunately, information elicited from providers does not lend itself to identification of substitution patterns that would reveal how much of the reduction in reported POTS lines in Illinois can be explained by wireless substitution. Nor does it shed any light on how wireless substitution patterns may differ across areas in Illinois. Nevertheless, wireless substitution is undoubtedly influencing the competitive information provided in this report.

VoIP services also can be substituted to some degree for POTS lines. While the term VoIP has not been precisely defined, many VoIP services closely resemble traditional circuit switched telephone service, except they are provided using Internet protocol technologies. Variations of VoIP service include non-nomadic (facilities-based) services that customers may use from only a single location, and nomadic services that customers can access from multiple locations (e.g., from any broadband access point). It is generally presumed that customers subscribing to VoIP services do so in substitution of, rather in addition to, their traditional wireline POTS service.

⁸ Since provider reported line counts, like those summarized in this report, do not reveal whether and where customers have substituted cellular service for some or all of their traditional wireline POTS lines, line count based analyses of competition have generally excluded wireless lines from counts used to calculate incumbent carrier market shares.

⁹ Federal Communications Commission, Fourteenth Report, In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, FCC 10-81, Released May 20, 2010, at ¶¶ 339-340.

¹⁰ Id.

Reported reductions in POTS lines in Illinois between 2001 and 2005 are likely attributable, in part, to the fact that both nomadic and non-nomadic VoIP lines were not included in the total reported line counts. In the Commission's year-end 2006 Competition Data Request, providers of POTS service utilizing non-nomadic (i.e., facilities-based) VoIP technologies were asked to provide line count information to the Commission.¹¹ While some VoIP providers cooperated with this request, others did not. In the 2007 Competition Data Request, providers of POTS service utilizing non-nomadic (i.e., facilities-based) VoIP technologies were asked again to provide line count information to the Commission. Cooperation between the 2006 and 2007 requests improved significantly. Therefore, the increase in POTS lines reported by competitive providers between year-end 2006 and year-end 2007 in part is attributable to an increase in the number of lines being reported to the Commission.

While many VoIP providers now report their VoIP lines counts to the Commission, some providers, notably nomadic VoIP providers, do not. However, due to their 911 obligations, VoIP providers supply 911 service information used to populate E-911 databases. As a result, E-911 information can be used as a proxy for line count information.

Companies that maintain E-911 databases in Illinois reported to the Commission counts of non-wireless E-911 listings in Illinois at year-end 2009. Typically, E-911 databases contain information for each residential line in the communities served by the E-911 system. Thus, E-911 listings provide a reasonably accurate proxy of the number of residential telephone lines in the communities served by E-911 systems. These counts do not, however, provide a perfect proxy. For example, a few selected communities do not yet have E-911 systems, which will cause the number of reported residential E-911 lines to fall

¹¹ While customers likely do substitute both non-nomadic and nomadic VoIP services for their traditional wireline VoIP service, nomadic VoIP services do not as readily correspond to any particular LATA or even state as do non-nomadic VoIP services. Thus, only non-nomadic VoIP providers were requested to report Illinois provisioning information to the Commission.

short of the number of residential telephone lines in service.¹² Similarly, E-911 listings will fall short of the number of residential telephone lines in service because, while the FCC has required providers using VoIP technologies to provide E-911 service, not all VoIP providers are in full compliance. Thus, E-911 listings likely understate the number of residential telephone lines in service.¹³

Assuming available E-911 data provide a reasonable proxy of the number of residential telephone lines in Illinois, the number of unreported competitive residential telephone lines in Illinois can be estimated by examining the difference between E-911 listings and the number of lines reported to the Commission. Year-end 2009 E-911 figures suggest that approximately 430,000 residential competitive provider lines went unreported to the Commission at year-end 2009.¹⁴

Table 3: Retail Lines in Illinois (with Estimated Non-Reported Residential E-911 Listings)

<i>Date</i>	<i>Total Lines</i>	<i>ILEC Lines</i>	<i>CLEC Lines</i>	<i>CLEC Share</i>
<i>Dec 2009</i>	6,709,841	4,810,584	1,899,257	28%

This estimated total of 430,000 unreported residential CLEC lines at year-end 2009 likely falls short of the actual number of unreported lines. For example, the estimated number of unreported lines would increase if the E-911 data included listings for areas in which E-911 service was not available at year-end

¹² For information on the E-911 systems, including their availability across Illinois, see Illinois Commerce Commission, October 2009 Report, 9-1-1 Emergency, Released October 2009.

¹³ There are also factors that could cause E-911 listings to overstate the number of residential telephone lines in service. For example, E-911 listings might overstate publicly provided telecommunications lines because of a provider's failure to remove listings for customers that have discontinued service in a timely manner. The analysis contained above is premised on the assumption that such factors are relatively insignificant. Nevertheless, as cautioned above, without systematic evidence that would shed light on the accuracy of these assumptions, caution should be exercised when interpreting the results reported here.

¹⁴ In areas where there is no E-911 system, line counts were reported that were not reflected in the E-911 system. Thus, for example, in the Macomb LATA, where there were several areas without E-911 at the end of 2008, reported line counts actually exceeded E-911 counts. E-911 information for LATAs where E-911 line counts fell below reported line counts are excluded from the figures above.

2009, and if all VoIP providers had fully functional E-911 capabilities. The information reported in Table 3 also fails to consider the degree to which business lines are unreported, and the degree to which customers are substituting wireless service for wireline service. Thus, there remains, based on the reductions in line counts reported in Table 1, lost retail lines that cannot be explained by information contained in the E-911 data.

D. Retail POTS Competition by LATA

This section of the report provides an overview of POTS competition broken down by Local Access and Transport Area (LATA). LATAs are the geographic areas within which Bell Operating Companies (BOCs), such as Ameritech Illinois (now AT&T Illinois) were permitted to carry telephone traffic following their divestiture from AT&T. Terms of the 1984 divestiture initially prohibited BOCs from carrying telephone traffic across LATA boundaries (termed interLATA traffic) but permitted them to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). The Telecommunications Act of 1996 provided that the “interLATA restriction” would be lifted once a BOC demonstrated that its local markets had become sufficiently open to competition.

There are 193 domestic LATAs in the United States. Of this total, fourteen LATAs have substantial areas in Illinois and contain a significant number of Illinois customers. An additional four LATAs lie predominately outside of Illinois and encompass relatively few Illinois customers.¹⁵ Information applicable to the Illinois portion of these 4 LATAs will be included with information

¹⁵ Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other LATA boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. (“Telcordia” f/k/a Bellcore) conventions as delineated in the local exchange routing guide (LERG).

for the 14 LATAs that lie predominately in Illinois.¹⁶ Additional detail concerning Illinois LATAs is presented in Appendix A.

Reporting and analysis of POTS data by LATA has several important advantages over other possible approaches. First, disaggregation of statewide information into 14 separate LATA markets illustrates important competitive differences across Illinois markets and regions that cannot be discerned from data aggregated at the state level. Second, LATAs are a natural unit for the reporting of many types of information by telephone companies. Notably, the telephone numbers provided to LECs for assignment to their customers are, with limited exceptions, assigned uniquely to LATAs.¹⁷ This permits the Commission to readily identify the LATAs within which telephone customers reside.¹⁸ Finally, data disaggregated by LATA still are sufficiently aggregated to protect sensitive competitive information, and the proprietary concerns of local telephone service providers.¹⁹

¹⁶ Information is aggregated in this manner to protect the confidentiality of individual carrier information reported to the Commission.

¹⁷ Traditionally, blocks of telephone numbers have been assigned uniquely to rate exchange areas, which in turn, have been uniquely assigned to LATAs.

¹⁸ The use of more “traditional” means to identify the location of individual telephone customers, such as the county of residence, is, at best, problematic, since telephone numbers are assigned to geographic areas with boundaries that are not congruent with the boundaries of the more traditional geographical divisions.

¹⁹ Per the Commission’s Competition Data Request, the Commission is offering proprietary treatment to individual company retail provisioning information. Therefore, all retail provisioning numbers have been aggregated into carrier classes and will be reported only in circumstances where a particular number represents provisioning by four or more providers.

Table 4 – Illinois LATA Demographic Data
U.S. Census 2000

<i>LATA Name</i>	<i>Area (Sq. Miles)</i>	<i>Population</i>	<i>No. of Households</i>	<i>Population per Sq. Mile</i>	<i>Households per Sq. Mile</i>
<i>Chicago, IL</i>	8,504	8,410,544	3,025,532	989	356
<i>Rockford, IL</i> ¹	2,124	397,119	153,045	187	72
<i>Springfield, IL</i>	3,028	352,223	144,596	116	48
<i>St Louis, MO</i>	6,718	781,199	299,332	116	45
<i>Champaign, IL</i> ²	3,635	328,037	129,890	90	36
<i>Davenport, IA</i>	2,058	219,120	87,962	106	43
<i>Peoria, IL</i>	4,834	471,493	185,114	98	38
<i>Sterling, IL</i>	2,966	226,357	84,774	76	29
<i>Forrest, IL</i>	3,698	261,915	98,749	71	27
<i>Cairo, IL</i>	4,863	308,127	122,875	63	25
<i>Mattoon, IL</i>	4,248	227,242	88,247	53	21
<i>Quincy, IL</i>	3,682	161,005	62,415	44	17
<i>Macomb, IL</i>	3,248	136,242	53,061	42	16
<i>Olney, IL</i>	4,309	138,670	56,187	32	13
<i>Total - All LATAs</i>	57,914	12,419,293	4,591,779	214	79
<i>Average</i>	4,137	887,092	327,984	---	---
<i>Standard Deviation</i>	1,673	2,092,850	750,729	---	---
¹ Includes information for those portions of the Southeast and Southwest Wisconsin LATAs located in Illinois.					
² Includes information for those portions of the Indianapolis and Terre Haute Indiana LATAs located in Illinois.					

Table 4 displays basic demographic information for each Illinois LATA. It reveals that there is considerable variation in LATA demographics within Illinois. Not surprisingly, the Chicago LATA surpasses all others in Illinois with respect to both total population and population density.

Table 5 shows CLEC market shares by LATA. The market shares displayed are based upon reported POTS lines, and estimates of residential lines contained in the E-911 information not reported directly to the Commission.

**Table 5: CLEC Market Shares by LATA
December 31, 2009**

<i>LATA Name</i>	<i>Reported CLEC Market Share</i>	<i>Reported CLEC Residential Market Share</i>	<i>Reported CLEC Business Market Share</i>	<i>CLEC Market Share with Estimated Unreported Residential E- 911 Capable VoIP Lines</i>	<i>CLEC Residential Market Share with Estimated Unreported Residential E- 911 Capable VoIP Lines</i>
<i>Statewide</i>	23.4%	24.6%	21.9%	28.2%	32.6%
<i>Chicago, IL</i>	25.6%	26.9%	24.2%	27.9%	31.1%
<i>Rockford, IL¹</i>	30.2%	28.7%	32.6%	44.1%	49.4%
<i>Cairo, IL</i>	12.8%	13.0%	12.6%	24.3%	29.1%
<i>Sterling, IL</i>	15.2%	18.3%	9.5%	28.7%	36.8%
<i>Forrest, IL</i>	20.5%	22.8%	16.9%	32.8%	41.0%
<i>Peoria, IL</i>	18.7%	20.0%	16.7%	36.0%	44.2%
<i>Champaign, IL²</i>	16.9%	21.1%	11.8%	29.8%	41.1%
<i>Springfield, IL</i>	16.7%	21.6%	11.4%	25.9%	36.7%
<i>Quincy, IL</i>	7.8%	5.6%	11.7%	9.1%	7.6%
<i>St Louis, MO</i>	18.5%	20.8%	13.6%	26.8%	32.0%
<i>Davenport, IA</i>	18.8%	22.0%	14.3%	28.9%	37.3%
<i>Mattoon, IL</i>	8.2%	12.8%	1.6%	18.2%	27.5%
<i>Macomb, IL</i>	7.8%	9.2%	4.9%	7.8%	9.2%
<i>Olney, IL</i>	8.3%	9.8%	4.3%	9.9%	11.9%

¹ Includes information for those portions of the Southeast and Southwest Wisconsin LATAs located in Illinois.
² Includes information for those portions of the Indianapolis and Terre Haute Indiana LATAs located in Illinois

E. CLEC Methods of Provisioning Retail POTS Lines

As previously noted, CLECs can provide POTS service to customers via five fundamental approaches:

- Building and using their own facilities exclusively,
- Leasing a portion of the facilities needed to serve end-user customers from ILECs as unbundled network elements,
- Leasing all or a portion of the facilities needed to serve end-user customers from ILECs under commercial agreements,
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

- Leasing or purchasing telecommunications services from non-ILECs at discounted prices and reselling these services to customers.

These methods are not mutually exclusive; they can each be employed by a particular CLEC to provide services at different times and/or in different regions. For example, a CLEC may deploy its own network in a particular part of the state while using resale to provide services to consumers in another area of the state.

Several of the approaches identified above are self-explanatory. Some, however, warrant further discussion. The basic network elements used in the provision of POTS include local loops (connecting customer premises to telephone company switching equipment), local switching, and interoffice transport (between telephone company switches). In some circumstances CLECs may lease some of these basic network elements from an ILEC pursuant to ILEC obligations under federal and/or state law. CLECs can provide service using various combinations of ILEC supplied network elements and their own self-supplied elements. The most common variant of this approach is to lease ILEC local loops and self-supply local switching.²⁰ When CLECs combine leased ILEC loops with their own (or third party supplied) local switching, such combinations are termed unbundled network element loop (UNE-L) combinations.

In certain cases, CLECs lease all of the basic network elements from an ILEC. Unbundled network element platform (UNE-P) was typically the term applied to describe leasing arrangements for complete combinations of local loops, local switching, and interoffice transport (when purchased according to the rates, terms, and conditions prescribed by Sections 251 and 252 of the Telecommunications Act of 1996 and FCC rules and regulations implementing

²⁰ In such instances, the CLEC may or may not lease ILEC transport to connect a loop to its switch or to interconnect its own switches to either ILEC switches or to other (including its own) CLEC switches.

those sections). It has also been applied to such combinations leased pursuant to Section 13-801 of the Public Utilities Act and Commission rules and regulations implementing this section. Although ILECs have been relieved of many federal and state obligations to provide UNE-P, several carriers continue to report that they provide service using UNE-P arrangements.

CLECs also have entered into commercial leasing agreements whereby they are able to lease such combinations according to commercially negotiated rates. As federal and state laws have changed over time, CLECs increasingly are leasing combinations of elements pursuant to commercial agreement with ILECs. These agreements typically involve an ILEC providing to a CLEC network elements at rates, terms and conditions negotiated between the parties (rather than at rates determined pursuant to state or federal law). Because many reporting carriers are no longer able to, or simply do not, distinguish between element combinations leased through UNE-P arrangements and such combinations leased through commercial agreements, lines provided through these two methods are consolidated in the figures below.

Table 6 shows that at year-end 2009, approximately 887,000 CLEC retail POTS lines in Illinois (60% of the CLEC total) were provisioned entirely over CLEC owned facilities. Approximately 390,000 CLEC retail POTS lines (27% of all CLEC lines) were provisioned over facilities leased (in part or in whole) from ILECs. Approximately 176,000 CLEC lines (about 12%) were provided by CLECs purchasing discounted services from ILECs and reselling them to their customers. Finally, about 15,000 lines (or about 1%) were provided by CLECs using non-ILEC third party facilities and/or services.

Table 6: CLEC Reported Retail POTS Lines by Provisioning Method
(Percentages of Total for Each Year in Brackets)

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P³</i>	<i>Resale from ILEC</i>	<i>Commercial Agreement with ILEC¹</i>	<i>Use of 3rd Party Non-ILEC²</i>	<i>All Methods</i>
<i>Dec 2001</i>	460,598 (33%)	314,459 (22%)	314,718 (22%)	318,039 (23%)	NA	NA	1,407,814 (100%)
<i>Dec 2002</i>	433,131 (26%)	355,658 (21%)	644,932 (38%)	264,255 (16%)	NA	NA	1,697,976 (100%)
<i>Dec 2003</i>	434,524 (24%)	362,102 (20%)	804,036 (45%)	177,905 (10%)	NA	NA	1,778,567 (100%)
<i>Dec 2004</i>	616,218 (34%)	278,616 (15%)	793,410 (43%)	152,433 (8%)	NA	NA	1,840,677 (100%)
<i>Dec 2005</i>	635,691 (47%)	245,783 (18%)	384,975 (29%)	77,445 (6%)	NA	NA	1,343,894 (100%)
<i>Dec 2006</i>	369,098 (33%)	311,131 (28%)	59,076 (5%)	139,202 (13%)	209,048 (19%)	25,877 (2%)	1,113,432 (100%)
<i>Dec 2007</i>	635,391 (46%)	277,319 (20%)	NA	195,667 (14%)	255,825 (19%)	12,670 (1%)	1,376,882 (100%)
<i>Dec 2008</i>	804,510 (55%)	303,265 (21%)	NA	148,532 (10%)	123,607 (8%)	83,444 (6%)	1,463,358 (100%)
<i>Dec 2009</i>	886,950 (60%)	270,607 (18%)	NA	175,592 (12%)	119,745 (8%)	15,021 (1%)	1,467,915 (100%)

¹ Category added in 2006. Prior to 2006 lines in this category, if any, may have been included along with UNE-P and/or resale.
² Category added in 2006. Prior to 2006 lines in this category may have been included along with resale.
³ Lines reported as UNE-P are, beginning with Dec 2007, included as lines in the Commercial Agreement with ILEC category.

As Table 7 shows, 17 CLECs provided some POTS service completely over their own facilities. Thirty-five CLECs provided some POTS service entirely over leased facilities. Eighteen CLECs provided some POTS service over some combination of their own facilities and leased facilities. Statewide, 44 CLECs provided POTS service over resold lines. Finally, 12 CLECs provided POTS service using non-ILEC third party facilities and/or services.

Table 7: CLEC Retail POTS Providers by Provisioning Method

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P²</i>	<i>Resale</i>	<i>Commercial Agreement with ILEC</i>	<i>Use of 3rd Party Non-ILEC</i>	<i>All Methods¹</i>
<i>Dec 01</i>	11	12	11	23	NA	NA	35
<i>Dec 02</i>	10	14	16	30	NA	NA	45
<i>Dec 03</i>	14	14	23	29	NA	NA	53
<i>Dec 04</i>	14	15	40	28	NA	NA	65
<i>Dec 05</i>	11	16	37	29	NA	NA	69
<i>Dec 06</i>	19	17	21	40	24	13	91
<i>Dec 07</i>	15	18	NA	37	39	6	80
<i>Dec 08</i>	19	19	NA	39	32	10	87
<i>Dec 09</i>	17	18	NA	44	35	12	84
¹ The sum of CLECs providing services over the respective provisioning methods exceeds the total number of CLECs providing services because some CLECs provide services using more than one method of provisioning. ² Companies reported as UNE-P are, beginning with Dec 2007, included as companies in the Commercial Agreement with ILEC category.							

F. Mobile Wireless Subscribership

Data on mobile wireless subscribership are reported to the FCC by facilities-based wireless providers on a state-by-state basis. Facilities-based wireless providers serve subscribers using electromagnetic spectrum that they are licensed to utilize or manage.²¹ Wireless mobile service is similar to POTS service in that it permits subscribers to place and receive calls to and from any other user on the PSTN.

Table 9 shows wireless subscribership data for Illinois and for the nation as a whole (reported biannually to the FCC). At year-end 2008, mobile wireless providers reported approximately 10.9 million subscribers in Illinois.

²¹ FCC, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, at 1-2.

Table 9: Mobile Wireless Subscribers
(Millions)²²

	<i>Total US Subscribers</i>	<i>Total IL Subscribers</i>
DEC 1999	79.7	3.9
JUNE 2000	90.6	4.3
DEC 2000	101.0	5.1
JUNE 2001	114.0	5.6
DEC 2001	124.0	5.6
JUNE 2002	130.8	5.4
DEC 2002	138.9	6.5
JUNE 2003	147.6	6.8
DEC 2003	157.0	7.2
JUNE 2004	167.3	7.5
DEC 2004	181.1	8.1
JUNE 2005	192.1	8.2
DEC 2005	203.7	8.7
JUNE 2006	217.4	9.1
DEC 2006	229.6	9.6
JUNE 2007	238.2	9.9
DEC 2007	249.2	10.3
JUNE 2008	255.7	10.6
DEC 2008	261.3	10.9

III. HIGH SPEED TELECOMMUNICATIONS SERVICES

A. Overview

Section 13-407 of the PUA mandates that the Commission monitor and analyze the deployment of high-speed telecommunications services in Illinois. As defined in this report, high-speed telecommunications services provide the subscriber with data transmission at speeds in excess of 200 kilobits per second (kbps) in at least one direction.²³ This definition matches the definition of “advanced telecommunications services” as used in the PUA.²⁴ This definition

²² Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2008, Released June 2010. Subscriber counts for periods before June 2005 include only counts for subscribers served by large providers (those with over 10,000 subscribers in a state).

²³ 220 ILCS 5/13-517

²⁴ The information presented herein concerns the telecommunications services that are the subject of the provisions of Section 13-517 of the Act.

also matches that used by the FCC in its data collection activities and analyses of high-speed telecommunications markets.²⁵

Information concerning high-speed service provisioning is reported by state to the FCC only by facilities-based providers of high-speed lines. Carriers do not report high-speed capable lines that are obtained from other carriers for resale to end users or Internet Service providers (ISPs). This practice ensures that each high-speed line is reported only once by the underlying provider.²⁶

The information reported here covers the following three methods of high-speed service provisioning:

- high speed service over ADSL technology,
- high-speed service over coaxial cable (cable modem) technology.
- high-speed service over “other” technologies.

ADSL and cable modem technologies are most commonly used to provide services to residential customers. These technologies typically provide

²⁵ It should be noted that this definition excludes several services that sometimes are referred to as high speed services, such as basic rate integrated services digital network (ISDN-BRI) service, some lower speed asymmetric digital subscriber line (ADSL) services, some lower speed services that connect subscribers to the Internet over cable systems, and services that connect subscribers to the internet over mobile wireless systems. The terms “high-speed telecommunications service”, “advanced telecommunications service” and “broadband service” often are used interchangeably and sometimes inconsistently. For example, mobile wireless providers often offer Internet access over mobile wireless technology marketed as broadband wireless Internet access despite the fact that such technology generally restricts access to speeds slower than users might otherwise obtain from traditional “dial-up” wireline technology. To add to the confusion in terminology, the FCC defines “advanced telecommunications capability” and “advanced services” as service that provide the subscriber with transmission speeds in excess of 200 kbps in BOTH the “upstream” and “downstream” directions. Confusion and misunderstanding in the use of these various terms caused the FCC to state in one report submitted to the U.S. Congress that “[I]n light of its now common and imprecise usage, we decline to use the term broadband to describe any of the categories of services on facilities that we discuss in this report. FCC, Deployment of Advanced Telecommunications Capability: Second Report, August 2000, Released August 21, 2000.

²⁶ Prior to mid-year 2005, only providers with at least 250 lines in a given state reported to the FCC. There is no indication of how comprehensively small providers, many of which serve rural areas with relatively small populations, are represented in the FCC data summarized here for periods prior to mid-year 2005. See FCC, High Speed Services for Internet Access: Status as of December 31, 2001, Released July 2002, at 1-2.

customers a single path to the Internet, generally at comparable quality and price levels and transmission speeds. As a result, services provided via ADSL and cable modem technologies generally are viewed as close substitutes.

Technologies in the “other” category include symmetric DSL, traditional T1 wireline, fiber optic to the customer’s premises, satellite, and (terrestrial) fixed wireless technologies.²⁷

The following descriptions of ADSL and cable modem technologies are taken from the FCC’s Deployment of Telecommunications Capability: Second Report:

ADSL Technology

With the addition of certain electronics to the telephone line, carriers can transform the copper loop that already provides voice service into a conduit for high-speed data traffic. While there are multiple variations of DSL ... most DSL offerings share certain characteristics. With most DSL technologies today, a high-speed signal is sent from the end-user’s terminal through the last 100 feet and the last mile (sometimes a few miles) consisting of the copper loop until it reaches a Digital Subscriber Line Access Multiplexer (DSLAM), usually located in the carrier’s central office. At the DSLAM, the end-user’s signal is combined with the signals of many other customers and forwarded through a switch to middle mile facilities.

As its name suggests, ADSL provides speeds in one direction (usually downstream) that are greater than the speeds in the other direction. Many, though not all, residential ADSL offerings provide speeds in excess of 200 kbps in only the downstream path with a slower upstream path and thus do not meet the standard for advanced telecommunications capability. However, ADSL permits

²⁷ Services provided over technologies in the “other” category vary greatly in quality, speed, and price. These technologies commonly are used to provide service to medium and large business customers, rather than residential customers. Therefore, comparison of figures for the “other” category to ADSL and cable modem figures is largely an apples to oranges exercise --- as is comparison of “other” figures across states. Accordingly, while figures for the “other” technologies category are presented here for completeness, caution should be exercised in their interpretation.

the customer to have both conventional voice and high-speed data carried on the same line simultaneously because it segregates the high frequency data traffic from the voice traffic. This segregation allows customers to have an “always on” connection for the data traffic and an open path for telephone calls over a single line. Thus a single line can be used for both a telephone conversation and for Internet access at the same time.²⁸

Cable Modem Technology

Cable modem technologies rely on the same basic network architecture used for many years to provide multichannel video service, but with upgrades and enhancements to support advanced services. The typical upgrade incorporates what is commonly known as a hybrid fiber-coaxial (HFC) distribution plant. HFC networks use a combination of high-capacity optical fiber and traditional coaxial cable. Most HFC systems utilize fiber between the cable operators’ offices (the “headend”) and the neighborhood “nodes.” Between the nodes and the individual end-user homes, signals travel over traditional coaxial cable infrastructure. These networks transport signals over infrastructure that serves numerous users simultaneously, i.e., a shared network, rather than providing a dedicated link between the provider and each home, as does DSL technology.²⁹

B. Statewide High-Speed Line Subscribership in Illinois

Table 10 shows high-speed line counts nationwide and in Illinois, as reported biannually to the FCC. This table indicates that nationwide and in Illinois there has been substantial growth in high-speed telecommunications lines over the last several years.

²⁸ FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶¶ 35-36 (footnotes omitted).

²⁹ FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶ 29 (footnotes omitted).

Table 10: High-Speed Lines
(Thousands)³⁰

	Total U.S. Lines	Total IL Lines
DEC 1999	2,754	66
JUNE 2000	4,107	149
DEC 2000	7,070	242
JUNE 2001	9,242	325
DEC 2001	12,793	423
JUNE 2002	15,788	526
DEC 2002	19,881	734
JUNE 2003	22,995	841
DEC 2003	28,230	1,089
JUNE 2004	31,951	1,271
DEC 2004	37,352	1,498
JUNE 2005	42,518	1,817
DEC 2005	51,218	2,160
JUNE 2006	65,271	2,666
DEC 2006	82,810	3,539
JUNE 2007	101,008	4,310
DEC 2007	121,165	5,084
DEC 2008	102,043	4,265

At year-end 2008, the number of high-speed connections provided over ADSL technology was roughly equivalent to the number of such connections provided over Cable Modem technology. Table 11 shows high-speed line counts in Illinois by technology.

³⁰ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of December 31, 2008, Released February 2010 and Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of December 31, 2005, Released July 2006. Line counts for periods before June 2005 include only lines provided by large providers (those with over 250 lines in a state).

Table 11: Illinois High-Speed Connections by Technology
December 31, 2008
(Thousands)³¹

ADSL	Cable Modem	Other	Total
1,503	1,591	1,171	4,265

Table 12 shows high-speed percentages by download speed in Illinois.

Table 12: Illinois Percentage of High-Speed Connections by Download Speed
December 31, 2008
(Thousands)³²

% over 200 kbps Downstream and Upstream	% at least 768 kbps Downstream and over 200 kbps Upstream	% at least 3 mbps Downstream and over 200 kbps Upstream	% at least 6 mbps Downstream and over 200 kbps Upstream	% at least 10 mbps Downstream and over 200 kbps Upstream
87.9	79.6	43.0	31.9	7.5

Examining broadband subscription data at the county level, the FCC recently identified six Illinois counties considered effectively unserved by broadband providers. Each county was considered unserved if less than 1% of households in the county subscribe to broadband at speeds equal to 3 mbps or more download speed and 768 kbps or more upload speed. These six unserved counties are Alexander, Bond, Cass, Macoupin, Menard and Schuyler Counties.³³

³¹ Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of December 31, 2008, Released February 2010.

³² Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of December 31, 2008, Released February 2010.

³³ Source: Federal Communications Commission, In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act, FCC 10-129, Released July 20, 2010.

The Partnership for a Connected Illinois (“PCI”) has also undertaken recent efforts that expand and improve the collection and reporting of broadband deployment information in Illinois. The current results of PCI’s efforts are available at <http://www.connectillinois.org/>. Among other information, this site contains broadband service provider information down to the household level.

Public Act 096-0927 designates PCI as the primary entity for collecting broadband data in Illinois and adds requirements requiring broadband providers to report information to PCI. The Commission, as directed by Public Act 096-0927, will going forward cooperate and coordinate with PCI to make improved broadband deployment information available, through this report and the PCI website, to the General Assembly and the public.

IV. CONCLUSION

Information presented in this report summarizes the market shares of ILECs and CLECs in Illinois local telephone markets. While many other factors affect actual market competitiveness, market share information is a useful starting point for analyzing the status of market competition.³⁴

According to the market share information reported here, the CLEC overall POTS market share remained relatively constant between year-end 2008 and year-end 2009. Total reported POTS lines in Illinois, however, declined between year-end 2008 and year-end 2009 (as has occurred each year since year-end 2001). Economic conditions in Illinois, and the fact that consumers are relying on

³⁴ “Other things being equal, market share affects the extent to which participants or the collaboration must restrict their own output in order to achieve anticompetitive effects in a relevant market. The smaller the percentage of total supply that a firm controls, the more severely it must restrict its own output in order to produce a given price increase, and the less likely it is that an output restriction will be profitable.” Antitrust Guidelines for Collaborations Among Competitors, Issued by Federal Trade Commission and the U.S. Department of Justice, April 2000, Section 3.3.3.

broadband services to obtain high-speed Internet access may explain, in part, the reported reductions. However, it is not likely these factors explain the entire reduction. Some portion of the reduction in POTS lines undoubtedly is attributable to the fact that many substitutes for POTS services are not reported as CLEC POTS lines to the Commission. It is clear that some consumers are substituting mobile wireless phone service or unreported voice-over-internet-protocol (“VoIP”) service for POTS service. The more consumers turn to such alternatives to POTS services, the less accurate an examination based solely on CLEC POTS market shares will be as a gauge of competition in local telephone markets. For, this reason, the information contained in this report must be interpreted with caution.

Even given such limitations, the market share data and other information presented in this report reveal and confirm several broad trends in competitive conditions in Illinois telephone markets. Notably, new entrants increasingly are relying upon their own network facilities, rather than leasing or otherwise utilizing network facilities of the historic incumbent local exchange carriers. Prominent among such competitive entrants are cable television companies, which increasingly have been adapting their preexisting video networks to accommodate entry into Illinois telephony markets. The last few years also has witnessed several business alliances between cable television providers and traditional voice telephone providers, aimed at facilitating entry into local telecommunications markets across the state. And the available data are consistent with observations that local telephone competition generally is (and individual competitors are) increasingly focused on offering bundled packages of voice telephone, high speed data and video services.

Recommendations for Legislative Action

At this time, the Commission has no specific recommendations for legislative action to accompany this report.

APPENDIX A: Illinois LATA Geography and Demographics

Local Access and Transport Areas (LATAs) are the geographic areas within which Bell Operating Companies (BOCs) were permitted to carry telephone traffic following their divesture from AT&T. In 1984, BOCs (including Ameritech in Illinois) were prohibited from carrying telephone traffic across LATA boundaries (interLATA traffic), but were allowed to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). There are 193 domestic LATAs in the United States. Of the 193 domestic U.S. LATAs, 18 are either in whole, or in part, within Illinois.³⁵

There is considerable variation in size and demographic makeup among the Illinois LATAs.³⁶ Table 4 (above) lists size and demographic data for each of the 14 LATAs for which information is presented in this report. Table 4 illustrates that the average LATA in Illinois is approximately 4,100 square miles. The largest LATA in terms of area is the Chicago LATA with approximately 8,500 square miles. The smallest is the portion of the Davenport, Iowa LATA located in Illinois, which encompasses approximately 2,100 square miles.

The Chicago LATA is the most populous LATA in Illinois with over 8.4 million residents, well above the average LATA size of approximately 890,000 residents. The Chicago LATA also contains the greatest number of households, with over 3 million. In contrast the Macomb, Illinois LATA contains less than 140,000 residents and just over 53,000 households. The Chicago and Olney,

³⁵ Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other "LATA" boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide ("LERG").

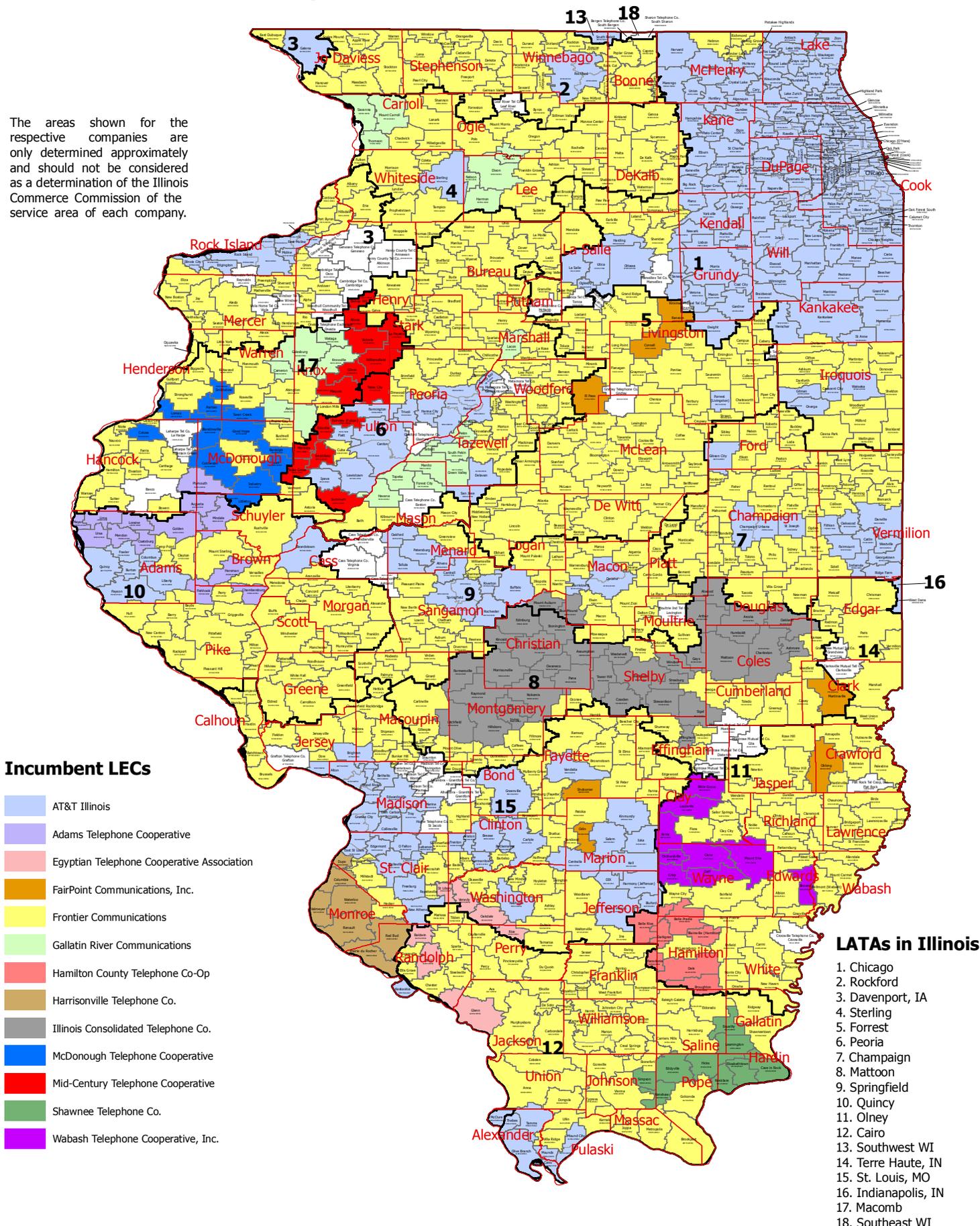
³⁶ The LATA size and demographic information contained in this table is derived from U.S. Census 2000 obtained from U.S. Department of Commerce, Census Bureau Web Site at <http://www.census.gov/>. To obtain estimates of area and demographic information, Staff aggregated census block group information up to the LATA level, assigning each census block group uniquely to the LATA containing the centroid of the census block group.

Illinois LATAs, respectively, contain the highest and lowest population per square mile. There are nearly 1,000 residents per square mile in the Chicago LATA and less than 32 residents per square mile in the Olney LATA. These two LATAs also contain the highest and lowest number of households per square mile, with 356 households per square mile in the Chicago LATA and 13 households per square mile in the Olney LATA.

Of the 18 LATAs in Illinois, 4 are predominately outside of Illinois and contain very few customers located within Illinois. For this report, information applicable to the pieces of these four LATAs will be included with information for LATAs that are predominately in Illinois or contain a significant number of Illinois customers. For example, very few Illinois residents or businesses are located within the Terre Haute, Indiana LATA. The information reported for Illinois residents and businesses in the Terre Haute, Indiana LATA is, therefore, included in information reported for the Champaign, Illinois LATA. However, there are a significant number of Illinois residents and businesses located within the St Louis, Missouri LATA. Therefore, information for Illinois residents and businesses in the St Louis, Missouri LATA is reported separately from other Illinois LATAs. All information reported is for those customers located in Illinois. For example, no information is reported for customers located in the Missouri portions of the St Louis, Missouri LATA. Figure A-1 depicts the 14 LATAs for which information is reported in this report.

Figure A1: Local Access and Transport Areas ("LATAs") and Rate Exchange Area Boundaries in the State of Illinois 34

The areas shown for the respective companies are only determined approximately and should not be considered as a determination of the Illinois Commerce Commission of the service area of each company.



APPENDIX B: POTS Provisioning Detail

Table B1 – B4 contain detail POTS provisioning information for the 14 Illinois LATAs examined in this report. Table B1 contains POTS lines in each LATA provided by ILECs, CLECs and all LECs combined. Tables B2 and B3 contain similar information regarding, respectively, residential and business POTS line provisioning. Table B4 reports estimated unreported residential retail E-911 lines by LATA.

**Table B1 - Retail POTS Provision by LATA
(December 31, 2009)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	74	4,561,141	8	3,393,223	66	1,167,918	25.6%
360	ROCKFORD ILLINOIS ¹	39	177,179	4	123,609	35	53,570	30.2%
362	CAIRO ILLINOIS	29	109,263	4	95,231	25	14,032	12.8%
364	STERLING ILLINOIS	33	86,881	5	73,637	28	13,244	15.2%
366	FORREST ILLINOIS	23	110,398	6	87,813	17	22,585	20.5%
368	PEORIA ILLINOIS	39	200,664	8	163,084	31	37,580	18.7%
370	CHAMPAIGN ILLINOIS ²	39	151,235	4	125,746	35	25,489	16.9%
374	SPRINGFIELD ILLINOIS	38	187,540	6	156,148	32	31,392	16.7%
376	QUINCY ILLINOIS	30	62,412	4	57,539	26	4,873	7.8%
520	ST LOUIS MISSOURI	45	332,167	10	270,702	35	61,465	18.5%
634	DAVENPORT IOWA	38	106,646	9	86,611	29	20,035	18.8%
976	MATTOON ILLINOIS	17	91,121	5	83,607	12	7,514	8.2%
977	MACOMB ILLINOIS	18	49,060	8	45,213	10	3,847	7.8%
978	OLNEY ILLINOIS	18	52,792	6	48,421	12	4,371	8.3%
Statewide		129	6,278,499	45	4,810,584	84	1,467,915	23.4%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

**Table B2 - Residential Retail POTS Provision by LATA
(December 31, 2009)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	42	2,423,453	8	1,772,572	34	650,881	26.9%
360	ROCKFORD ILLINOIS ¹	22	107,371	4	76,584	18	30,787	28.7%
362	CAIRO ILLINOIS	17	72,819	4	63,384	13	9,435	13.0%
364	STERLING ILLINOIS	18	56,497	5	46,132	13	10,365	18.3%
366	FORREST ILLINOIS	11	65,983	6	50,924	5	15,059	22.8%
368	PEORIA ILLINOIS	24	124,387	8	99,548	16	24,839	20.0%
370	CHAMPAIGN ILLINOIS ²	18	81,823	4	64,524	14	17,299	21.1%
374	SPRINGFIELD ILLINOIS	21	98,138	6	76,920	15	21,218	21.6%
376	QUINCY ILLINOIS	17	39,788	4	37,552	13	2,236	5.6%
520	ST LOUIS MISSOURI	28	227,466	10	180,255	18	47,211	20.8%
634	DAVENPORT IOWA	22	62,072	9	48,415	13	13,657	22.0%
976	MATTOON ILLINOIS	10	54,374	5	47,435	5	6,939	12.8%
977	MACOMB ILLINOIS	11	33,328	8	30,249	3	3,079	9.2%
978	OLNEY ILLINOIS	12	38,076	6	34,341	6	3,735	9.8%
Statewide		93	3,485,575	45	2,628,835	48	856,740	24.6%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

**Table B3 - Business Retail POTS Provision by LATA
(December 31, 2009)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % of Total
358	CHICAGO ILLINOIS	66	2,137,688	8	1,620,651	58	517,037	24.2%
360	ROCKFORD ILLINOIS ¹	33	69,808	4	47,025	29	22,783	32.6%
362	CAIRO ILLINOIS	24	36,444	4	31,847	20	4,597	12.6%
364	STERLING ILLINOIS	27	30,384	5	27,505	22	2,879	9.5%
366	FORREST ILLINOIS	21	44,415	6	36,889	15	7,526	16.9%
368	PEORIA ILLINOIS	34	76,277	8	63,536	26	12,741	16.7%
370	CHAMPAIGN ILLINOIS ²	33	69,412	4	61,222	29	8,190	11.8%
374	SPRINGFIELD ILLINOIS	32	89,402	6	79,228	26	10,174	11.4%
376	QUINCY ILLINOIS	24	22,624	4	19,987	20	2,637	11.7%
520	ST LOUIS MISSOURI	40	104,701	10	90,447	30	14,254	13.6%
634	DAVENPORT IOWA	35	44,574	9	38,196	26	6,378	14.3%
976	MATTOON ILLINOIS	17	36,747	5	36,172	12	575	1.6%
977	MACOMB ILLINOIS	18	15,732	8	14,964	10	768	4.9%
978	OLNEY ILLINOIS	16	14,716	6	14,080	10	636	4.3%
Statewide		121	2,792,924	45	2,181,749	76	611,175	21.9%

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

Table B4 –Residential Retail Reported Lines and E-911 Listing by LATA

LATA	LATA Name	Reported Residential Retail POTS Lines as of 12/31/09	Residential Retail E-911 Listings as of 12/31/09	Estimated Residential Retail E-911 Listings not Reported as POTS Lines as of 12/31/09	Reported Residential Retail POTS Lines Plus Estimated Unreported E-911 Listings as of 12/31/09	Reported Residential Retail POTS Lines as of 12/31/01
358	CHICAGO ILLINOIS	2,423,453	2,571,815	148,362	2,571,815	3,645,807
360	ROCKFORD ILLINOIS ¹	107,371	151,490	44,119	151,490	161,890
364	STERLING ILLINOIS	56,497	72,962	16,465	72,962	89,546
368	PEORIA ILLINOIS	124,387	178,513	54,126	178,513	191,519
370	CHAMPAIGN ILLINOIS ²	81,823	109,600	27,777	109,600	135,155
374	SPRINGFIELD ILLINOIS	98,138	121,464	23,326	121,464	151,539
376	QUINCY ILLINOIS	39,788	40,656	868	40,656	63,784
520	ST LOUIS MISSOURI	227,466	265,235	37,769	265,235	313,543
634	DAVENPORT IOWA	62,072	77,237	15,165	77,237	92,784
362	CAIRO ILLINOIS	72,819	89,439	16,620		
366	FORREST ILLINOIS	65,983	86,302	20,319		
976	MATTOON ILLINOIS	54,374	65,419	11,045	328,653*	411,824*
977	MACOMB ILLINOIS	33,328	32,479	0		
978	OLNEY ILLINOIS	38,076	39,000	924		
	Statewide	3,791,324	4,222,480	431,342	4,222,666	5,257,391

¹ Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

² Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

* Combined figures for the Cairo, Forrest, Mattoon, Macomb, and Olney LATAs.

