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

May 24, 2005

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

May 24, 2005

The Honorable 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,

Edward C. Hurley

Edward C. Hurley
Chairman

cc: Illinois State Library

EXECUTIVE SUMMARY

This report presents summary statistics on competition in basic local telephone services and the deployment of broadband and mobile wireless services in Illinois. It is the fourth 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.

The statistics presented in this report are compiled from data recently reported to the Illinois Commerce Commission and the Federal Communications Commission. The report provides a snapshot of local telephone service competition in the following three areas:

- plain-old-telephone-service (POTS) lines in service
- broadband lines in service
- mobile-wireless-telephone subscribership.

The following are selected highlights from the facts and findings in this Report:

- 49 incumbent local exchange carriers (ILECs) and 65 competitive local exchange carriers (CLECs) reported providing POTS to Illinois customers as of December 31, 2004. These figures compare to 49 ILECs and 53 CLECs reporting as of December 31, 2003.

- The number of reported POTS lines in Illinois decreased between year-end 2003 and year-end 2004 by approximately 200,000 lines (from 8.3 million to 8.1 million).

- CLECs provided approximately 1.8 million (or 23%) of the roughly 8.1 million Illinois POTS lines in service at year-end 2004. The number of CLEC provided POTS lines reported increased in Illinois (from approximately

1,780,000 at year-end 2003 to approximately 1,840,000 at year-end 2004) as did CLEC market shares (from 21% to 23%).

- 2004 saw a significant increase in the number of CLEC lines provided entirely over their own facilities, with smaller corresponding decreases in the number of CLEC lines provided using UNE loops without UNE switching and CLEC lines provided completely over ILEC facilities. At year-end 2004, approximately 34% of the 1.8 million CLEC POTS lines in Illinois were provided entirely over CLEC facilities. Another 15% were provided using local loops leased from ILECs (in conjunction with CLEC owned facilities). The remaining 51% were provided completely over ILEC network facilities. In comparison, these figures were 24%, 20%, and 55% at year-end 2003.

- The overall CLEC POTS market share was higher in the Chicago area than in other regions of the state. At year-end 2004 CLECs served approximately 27% of POTS customers in the Chicago area and 13% in other regions.

- Illinois providers served nearly 1,200,000 Illinois broadband customers via asymmetrical-digital-subscriber-line (ADSL) and cable-modem technologies in Illinois as of June 30, 2004. This was 58% more subscribers than were served via these technologies on June 30, 2003.

- The overall market share of both cable-modem providers and ADSL providers in the broadband market were both 45% at mid-year 2004. Thus, the lead in broadband provisioning maintained by cable-modem providers in Illinois in past periods has been essentially eliminated.

- Mobile-wireless providers served over 7.5 million Illinois subscribers at mid-year 2004 compared to 6.8 million subscribers at mid-year 2003.

TABLE OF CONTENTS

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:

> 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)

To enable the Commission to carry out this mandate, Section 13-407 authorizes the Commission to collect pertinent information from firms providing telecommunications services in Illinois.

> The Commission shall also collect all information, in a format determined by the Commission, that the Commission deems necessary to assist in monitoring and analyzing the telecommunications markets and the status of competition and deployment of telecommunications services to consumers in the State. (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 local service, broadband, and wireless provisioning.

This current Report, dated May 24, 2005, 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, 2004). This current Report similarly updates information on trends in local service, broadband, and wireless provisioning based on the most recent data made available by the FCC.

The bulk of the data provided by Illinois carriers and compiled by Commission Staff is displayed in Appendix C of this report (Tables C1 through C5). Selected data from these tables are highlighted and displayed in several sections of the Report itself.[1] Appendix B (Tables B1 and B2) contains a list of certificated local exchange carriers in Illinois as of March 1, 2005 and lists the carriers responding to the Commission's year-end 2004 data request.

II. COMPETITION IN PLAIN OLD TELEPHONE SERVICE (POTS)

A. Overview

"POTS" is the acronym often used to refer to basic local voice service provided over the 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 have provided POTS service over alternative technologies, such as fiber optics and associated electronics that allows customers to make multiple simultaneous phone calls over a single fiber

[1] The bulk of the information provided herein reflects data reported by ILECs and CLECs measuring provisioning as of December 31, 2004.

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 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 generally may obtain 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 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

[2] Such carriers were requested to report to the Commission information separately for ILEC and CLEC operational units.

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

competitors to enter local markets by three fundamental and distinct methods, as follows:

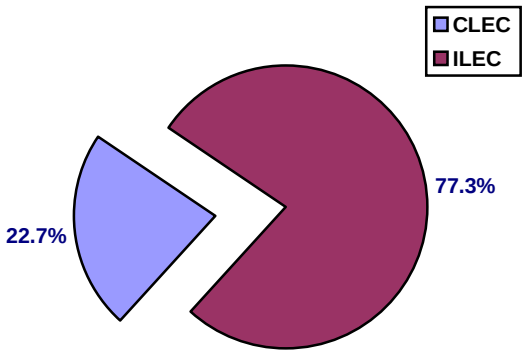
- Building complete telecommunications networks using their own facilities,
- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services form ILECs at discounted prices and reselling these services to customers.

This report summarizes the use of each of these methods by CLECs in Illinois.

Regardless of the method utilized by a CLEC to enter local markets, 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

Figure 1: ILEC and CLEC Retail POTS Market Shares



As Figure 1 shows, at year-end 2004, CLECs provided approximately 22.7% of all retail POTS lines in Illinois. In total, nearly 8.1 million total retail POTS lines were reported in Illinois. ILECs provided approximately 6.3 million lines (or 77.3%), while CLECs provided approximately 1.8 million lines (or 22.7%). Table 1 displays these figures and comparable figures for year-end 2001, 2002 and 2003.

As Table 1 shows, the number of retail POTS lines in Illinois has steadily decreased in the past four years. Between year-end 2001 and year-end 2002, and between year-end 2002 and year-end 2003, the number of retail POTS lines provided to Illinois residential and business customers decreased by approximately 3.4% and 4.6%, respectively. Between year-end 2003 and year-end 2004 the number of retail POTS lines provided to Illinois residential and business customers decreased by 2.7%.[4]

Table 1: Retail POTS Lines in Illinois

Date	*Total Lines*	*ILEC Lines*	*CLEC Lines*	*CLEC Share*
Dec 2001	9,036,493	7,628,679	1,407,814	16%
Dec 2002	8,727,943	7,029,967	1,697,976	19%
Dec 2003	8,327,835	6,549,268	1,778,567[5]	21%
Dec 2004	8,103,503	6,262,826	1,840,677	23%

While the number of retail POTS lines provided to Illinois customers has steadily decreased since year-end 2001, the number of such lines provided by CLECs has generally increased over this time period. Between year-end 2003 and year-end 2004 the number of retail lines provided by CLECs increased as did the share of retail lines provided by CLECs. As Table 1 shows, at year-end 2001, CLECs provided about 1.4 million or about 16% of retail POTS lines in Illinois. At year-end 2004, CLEC provided nearly 1.8 million or approximately 23% of retail POTS lines in Illinois.

[4] The Illinois experience is not unique in this respect. Information compiled by the FCC and reported below shows that the nationwide number of POTS lines has decreased in recent periods. A number of factors may explain the reduction in POTS lines. Consumers may be increasingly substituting mobile wireless phone service for POTS service or may be relying on broadband services to obtain high-speed Internet access instead of relying on POTS service to obtain dial-up access to the Internet. Other factors, such as economic conditions in Illinois and reporting inconsistencies and/or inaccuracies, may also explain the reported reduction.

[5] Year-end 2003 figures have been revised from those reported in last years report, to account for revised information filed by certain CLECs.

As Table 2 shows, 49 ILECs provide POTS lines in Illinois.[6] The 4 largest ILECs (SBC Communications, Verizon Communications, Citizens Communications and Consolidated Communications) provided approximately 96% of all ILEC retail POTS lines, while the remaining 45 ILECs provided just under 4% of the total ILEC lines in Illinois.

Sixty-five (65) CLECs reported providing retail POTS service in Illinois.[7] Of these 65 CLECs, the 5 largest (AT&T, MCI WorldCom, Focal, Comcast, and McLeodUSA) accounted for approximately 71% of all CLEC retail POTS lines, while the remaining 60 CLECs provided approximately 29% of all CLEC retail POTS lines.

Table 2: Retail POTS Providers in Illinois

Date	*No. of Retail POTS Providers Reporting*	*No. of ILEC POTS Providers Reporting*	*No. of CLEC POTS Providers Reporting*
Dec 2001	82	47	35
Dec 2002	94	49	45
Dec 2003	102	49	53
Dec 2004	114	49	65

At year-end 2004, approximately 60% of all retail POTS lines in Illinois served residential customers, while 40% served business customers. Approximately 60% of ILEC total retail lines served residential customers, while 40% of ILEC lines served business customers. Approximately 61% of all CLEC retail lines served residential customers, while approximately 39% served business customers. Thus, unlike in previous periods, at year-end 2003 CLECs served a higher percentage of residential customers relative to lines they served than did ILECs.

[6] Two small ILECs failed to respond to the Commission's CDR for year-end 2001, but did respond for year-end 2002 and year-end 2003. The total number of lines for these two ILECs is a very small percentage (less than 0.01%) of all Illinois ILEC retail POTS lines.

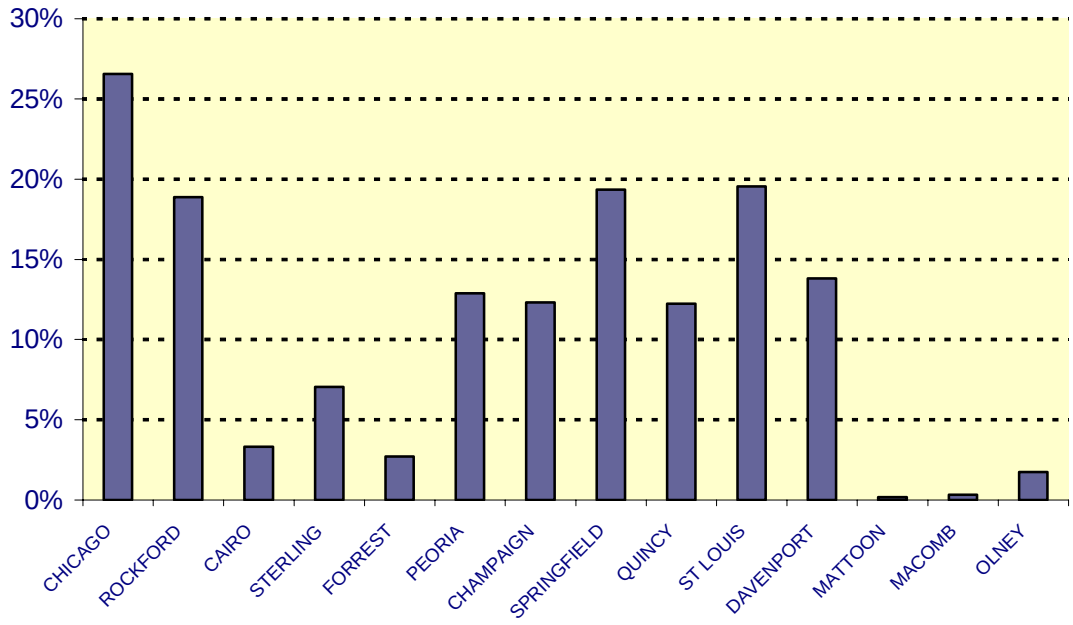
[7] This figure treats affiliated CLECs under common control as a single competitive entity.

Table 3: Residential Retail POTS Line Percentages

Date	*Perc. of Lines Classified as Residential*	*Perc. of ILEC Lines Classified as Residential*	*Perc. of CLEC Lines Classified as Residential*
Dec 2001	58%	61%	45%
Dec 2002	59%	60%	55%
Dec 2003	59%	60%	55%
Dec 2004	60%	60%	61%

Figure 3 shows that CLEC market shares are highest in the most densely-populated urban areas.

Figure 3: CLEC Market Shares by LATA (Perc. of POTS Lines)



C. CLEC Methods of Provisioning Retail POTS Lines

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

- Building complete telecommunications networks using their own facilities,

- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services from 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.

While the first and third of these approaches seem self-explanatory, the second option warrants further discussion. The basic network elements used in the provision of POTS include local loops (these connect customer premises to telephone company switching equipment), local switching, and interoffice transport (between telephone company switches). In some circumstances CLECs may lease all three of these basic network elements (loop, local switching, and transport) from an ILEC. Such combinations are referred to as unbundled network element platforms (UNE-Ps). When a CLEC provides service to a given customer using UNE-P, it relies exclusively on the network elements supplied by ILECs.[8]

CLECs also 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.[9] When CLECs combine leased ILEC loops with their own local switching, such combinations are termed unbundled network element loop (UNE-L) combinations.

---

[8] CLECs do, however, combine their own technology (e.g., voicemail technology) with ILEC provided UNE-P combinations, in order to customize their services.

[9] 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.

Table 5 shows that at year-end 2004, over 616,000 CLEC retail POTS lines in Illinois (34% of the CLEC total) were provisioned entirely over CLEC owned facilities.[10] Approximately 1,072,000 CLEC retail POTS lines (over 58% of all CLEC lines) were provisioned over facilities leased (in part or in whole) from ILECs or other providers. About 74% of these approximately 1,072,000 retail POTS lines were provided entirely over facilities leased from ILECs and other providers (as UNE-Ps). The remaining 26% of these approximately 1,072,000 lines were provided over facilities leased from ILECs and combined with CLEC facilities to provide service. Table 5 also shows that the method of POTS provisioning relied on least by CLECs was resale. Approximately 152,000 CLEC lines were provided by CLECs purchasing discounted services from ILECs and reselling them to their customers.

Table 5: CLEC Retail POTS Lines by Provisioning Method

(Percentages of Total for Each Year in Brackets)

	Own Facilities	*UNE-L*	*UNE-P*	*Resale*	*All Methods*
Dec 2001	460,598 (33%)	314,459 (22%)	314,718 (22%)	318,039 (23%)	1,407,814 (100%)
Dec 2002	433,131 (26%)	355,658 (21%)	644,932 (38%)	264,255 (16%)	1,697,976 (100%)
Dec 2003	434,524 (24%)	362,102 (20%)	804,036 (45%)	177,905 (10%)	1,778,567 (100%)
Dec 2004	616,218 (34%)	278,616 (15%)	793,410 (43%)	152,433 (8%)	1,840,677 (100%)

[10] Nearly 100% of ILEC lines were reported as provided over ILEC owned facilities. One ILEC reported it provided a limited number of lines (less than 0.01% of all ILEC lines) outside its ILEC service area via resale at year-end 2003. For purposes of this report these lines have been classified as CLEC lines.

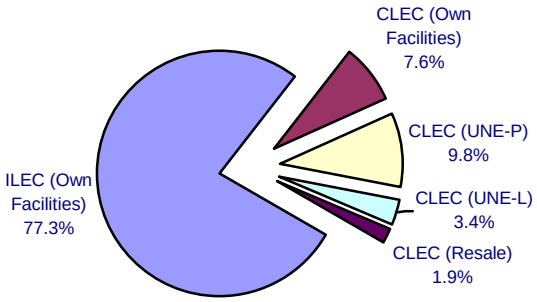
As Table 6 shows, 14 CLECs provided some POTS service completely over their own facilities. Forty (40) CLECs provided some POTS service entirely over leased facilities. Fifteen (15) CLECs provided some POTS service over some combination of their own facilities and leased facilities. Statewide, 28 CLECs provided POTS service over resold lines.

Table 6: CLEC Retail POTS Providers by Provisioning Method

	Own Facilities	*UNE-L*	*UNE-P*	*Resale*	*All Methods*[11]
Dec 2001	11	12	11	23	35
Dec 2002	10	14	16	30	45
Dec 2003	14	14	23	29	53
Dec 2004	14	15	40	28	65

Figure 2 displays the overall CLEC Illinois POTS market share of 22.7% disaggregated by mode of entry. CLECs captured 7.6% of the POTS retail market using solely their own facilities. CLECs captured 3.4% of the retail POTS market through partial reliance upon ILEC facilities, and 11.7% of the overall Illinois POTS market via total reliance upon ILEC network facilities (i.e., UNE-P and resale).

Figure 2: POTs Provisioning Methods



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).

[11] 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.

LATAs are the geographic areas within which Bell Operating Companies (BOCs), such as Ameritech Illinois were permitted to carry telephone traffic following their divesture 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 lie predominantly in Illinois and contain a significant number of Illinois customers. An additional four LATAs lie predominately outside of Illinois but encompass some (relatively few) Illinois customers.[12] Information applicable to the Illinois portion of these 4 LATAs will be included with information for the 14 LATAs that lie predominately in Illinois.[13] 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 illuminates 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.[14] This permits the Commission

[12] 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).

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

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

to readily identify the LATAs within which telephone customers reside.[15] Finally, data disaggregated by LATA still are sufficiently aggregated to protect sensitive competitive information, and the proprietary concerns of local telephone service providers.[16]

Table 7 – Illinois LATA Demographic Data

U.S. Census 2000

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

[15] 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.

[16] 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 7 displays some basic demographic information for each Illinois LATA. It reveals that there is considerable variation in LATA demographics within Illinois. Not surprisingly, the Chicago LATA stands out from the other LATAs, surpassing all others in Illinois with respect to both total population and population density.

Table 8 displays CLEC market shares by LATA over time. As Table 8, shows, CLEC market entry correlates closely with demographic factors.

Table 8: CLEC Market Shares by LATA

LATA Name	*Date*	*Overall CLEC Market Share*	*Residential CLEC Market Share*	*Business CLEC Market Share*
Statewide	Dec 2001	15.6%	12.2%	20.3%
	Dec 2002	19.5%	18.3%	21.1%
	Dec 2003	21.5%	20.0%	23.3%
	Dec 2004	22.7%	23.2%	22.0%
Chicago, IL	Dec 2001	18.7%	15.0%	23.2%
	Dec 2002	23.2%	22.6%	23.9%
	Dec 2003	25.0%	23.9%	26.4%
	Dec 2004	26.5%	28.0%	24.6%
Rockford, IL	Dec 2001	8.3%*	5.5%*	13.8%*
	Dec 2002	14.4%	10.6%	21.6%
	Dec 2003	18.1%	14.6%	24.6%
	Dec 2004	18.9%	14.4%	26.7%
Cairo, IL	Dec 2001	1.6%	0.6%**	1.4%**
	Dec 2002	1.9%	0.9%	4.2%
	Dec 2003	2.6%	1.8%	4.4%
	Dec 2004	3.3%	2.9%	4.3%
Sterling, IL	Dec 2001	8.3%*	5.5%*	13.8%*
	Dec 2002	2.8%	1.8%	4.9%
	Dec 2003	4.8%	4.0%	6.4%
	Dec 2004	7.1%	6.5%	8.2%
Forrest, IL	Dec 2001	0.8%	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	2.0%	0.2%	5.3%
	Dec 2004	2.7%	0.3%	7.0%
Peoria, IL	Dec 2001	7.5%	5.8%	10.8%
	Dec 2002	10.4%	7.8%	15.0%
	Dec 2003	12.2%	10.3%	15.7%
	Dec 2004	12.9%	11.5%	15.6%

Table 8: CLEC Market Shares by LATA (Continued)

LATA Name	*Date*	*Overall CLEC Market Share*	*Residential CLEC Market Share*	*Business CLEC Market Share*
Champaign, IL	Dec 2001	9.2%	8.5%	11.6%
	Dec 2002	10.7%	10.7%	10.8%
	Dec 2003	12.3%	13.1%	11.2%
	Dec 2004	12.3%	11.9%	12.9%
Springfield, IL	Dec 2001	11.7%	9.7%	14.2%
	Dec 2002	14.3%	12.6%	16.5%
	Dec 2003	15.8%	16.7%	14.5%
	Dec 2004	19.3%	20.9%	17.2%
Quincy, IL	Dec 2001	5.7%	2.7%	11.7%
	Dec 2002	7.7%	6.0%	11.1%
	Dec 2003	9.9%	9.1%	11.7%
	Dec 2004	12.2%	11.9%	12.8%
St Louis, MO	Dec 2001	9.7%	9.1%	11.0%
	Dec 2002	15.3%	16.2%	13.1%
	Dec 2003	19.4%	20.7%	16.3%
	Dec 2004	19.5%	20.5%	17.2%
Davenport, IA	Dec 2001	11.6%	9.3%	15.7%
	Dec 2002	15.6%	16.0%	14.9%
	Dec 2003	17.1%	18.5%	14.7%
	Dec 2004	13.8%	13.0%	15.2%
Mattoon, IL	Dec 2001	0.3%	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.1%	0.1%*****	0.8%*****
	Dec 2004	0.2%	0.4%*****	1.2%*****
Macomb, IL	Dec 2001	0.6%***	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.3%	0.1%*****	0.8%*****
	Dec 2004	0.3%	0.4%*****	1.2%*****
Olney, IL	Dec 2001	0.6%***	0.6%**	1.4%**
	Dec 2002	0.6%****	0.0%****	1.7%****
	Dec 2003	0.5%	0.1%*****	0.8%*****
	Dec 2004	1.7%	0.4%*****	1.2%*****

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

The Chicago LATA differs significantly from other Illinois LATAs not only demographically, but also in the degree of local market penetration achieved by CLECs. As displayed in Table 9, approximately 5.9 million (73%) of the statewide total of over 8.1 million POTS lines were provided in this single LATA. All other LATAs combined accounted for the remaining 2.2 million (or 27%) of the statewide retail POTS lines.

Table 9: Retail POTS Lines by LATA

December 31, 2004

LATA Name	*Retail POTS*	*% Of Total*
Statewide	8,103,503	100%
Chicago, IL	5,888,712	73%
St Louis, MO	413,490	5%
Peoria, IL	263,878	3%
Springfield, IL	246,551	3%
Rockford, IL	232,756	3%
Champaign, IL	196,629	2%
Cairo, IL	151,743	2%
Forrest, IL	139,637	2%
Davenport, IA	129,300	2%
Sterling, IL	108,715	1%
Mattoon, IL	108,076	1%
Quincy, IL	87,718	1%
Olney, IL	68,549	1%
Macomb, IL	67,749	1%

Of the 5.9 million retail POTS lines in the Chicago LATA, approximately 4.3 million were provided by 8 ILECs. The remaining 1.6 million retail POTS lines in the Chicago LATA were provided by 56 CLECs. The 4.3 million lines provided by ILECs in the Chicago LATA represent 69% of the statewide total POTS lines provided by ILECs. The 1.6 million CLEC lines provided in the Chicago LATA represent approximately 85% of the statewide total of CLEC retail POTS lines. Thus, a notably higher percentage of all CLEC Illinois customers are located in the Chicago LATA as compared to the percentage of all ILEC customers.

Table 10: ILEC and CLEC POTS Lines by LATA

December 31, 2004

	ILEC	*% of ILEC Lines*	*CLEC*	*% of CLEC Lines*
Chicago LATA	4.3 m	69%	1.6m	85%
All Other LATAs	1.9 m	31%	0.3m	15%
All LATAs	6.3 m	100%	1.8m	100%

High-volume, low-cost customers in urban business districts generally are considered more attractive to new entrants than either rural or residential customers. Regional differences in the data reported by LATA in Illinois appear to support this generalization. There is a high correlation across the 14 Illinois LATAs between customer density (measured by population per square mile) and CLEC market share.[17] CLECs appear to be responding in predictable fashion to economic and market conditions, which would explain the higher CLEC market shares in the Chicago LATA relative to CLEC market shares in other Illinois LATAs, as shown in Table 11.

Table 11: CLEC Market Share by LATA

December 31, 2004

	CLEC Market Share
Chicago LATA	26.5%
All Other LATAs	12.5%
All LATAs	22.7%

The Peoria, Rockford, Champaign, St. Louis, Davenport, and Springfield LATAs can be classified as "medium density" Illinois LATAs. Population per square mile in these LATAs is in the neighborhood of 100 people per square mile.[18] Reflecting the positive correlation between customer density and CLEC market share, these "medium density" LATAs exhibit "medium" ranges of CLEC market shares, ranging from 13-20%.

[17] The correlation coefficient between density and CLEC market share is approximately 0.64.

[18] While the density in Rockford, with nearly 200 people square mile, exceeds the densities of the other medium density LATAs, the density in the Rockford LATA falls well short of the nearly 1000 people per square mile density in Chicago.

The least densely populated LATAs in Illinois include the Quincy, Mattoon, Macomb, Forrest, Olney, Sterling and Cairo LATAs. Population densities in these LATAs range from 32-76 people per square mile. In most of these LATAs, CLECs provide less than 10% of POTS lines in the market, and in none of these does CLEC retail market share reach 13%.

E. Recent Trends in Competitive Retail POTS Provisioning

The retail line counts reported by Illinois LECs for December 31, 2004 are the fourth such retail line counts reported to the Commission in a uniform manner utilizing a consistent definition of POTS.[19] The FCC, however, has collected state-by-state retail line counts from larger retail POTS providers since December 1999.[20] While the information reported to the FCC is, in some respects, more limited than that reported to the Commission, it does provide important insight into statewide *trends* in retail POTS provision.[21]

Table 12 shows nationwide retail POTS line counts (reported biannually to the FCC). The CLECs' overall POTS market shares have increased steadily over the past two years. Nevertheless, ILECs still serve nearly 85% of POTS customers served by large providers in the United States. Table 12 also shows that nationwide the number of POTS lines has continuously decreased between year-end 1999 and mid-year 2004.

[19] The CDR was released in its current form for the first time in January of 2002.

[20] The FCC has required providers serving 10,000 or more POTS customers to report retail POTS line counts on a statewide basis.

[21] Notably, these data do not include information on smaller POTS providers, and lacks the regional detail of the information reported to this Commission

Table 12: Nationwide POTS Lines (Large Provider)
(Millions)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003	DEC 2003	JUN 2004
US ILEC Lines[22]	181 (96%)	180 (94%)	178 (92%)	175 (91%)	172 (90%)	167 (89%)	165 (87%)	158 (85%)	153 (85%)	148 (85%)
US CLEC Lines[22]	8 (4%)	12 (6%)	15 (8%)	17 (9%)	20 (10%)	22 (11%)	25 (13%)	27 (15%)	30 (16%)	32 (18%)
All US LEC Lines[22]	190	191	193	192	192	189	189	185	183	180

Table 13 displays Illinois retail POTS line counts reported to the FCC. The FCC calculation of the overall CLEC market share in Illinois for December 2003 (20%) is, as it was for year-end 2001, slightly lower than the same calculation based on data reported to this Commission (21%). It appears that the FCC exclusion of information for smaller LECs produces its slightly lower estimate of Illinois market share.

Table 13: Illinois POTS Lines (Large Providers Only)
(Thousands)

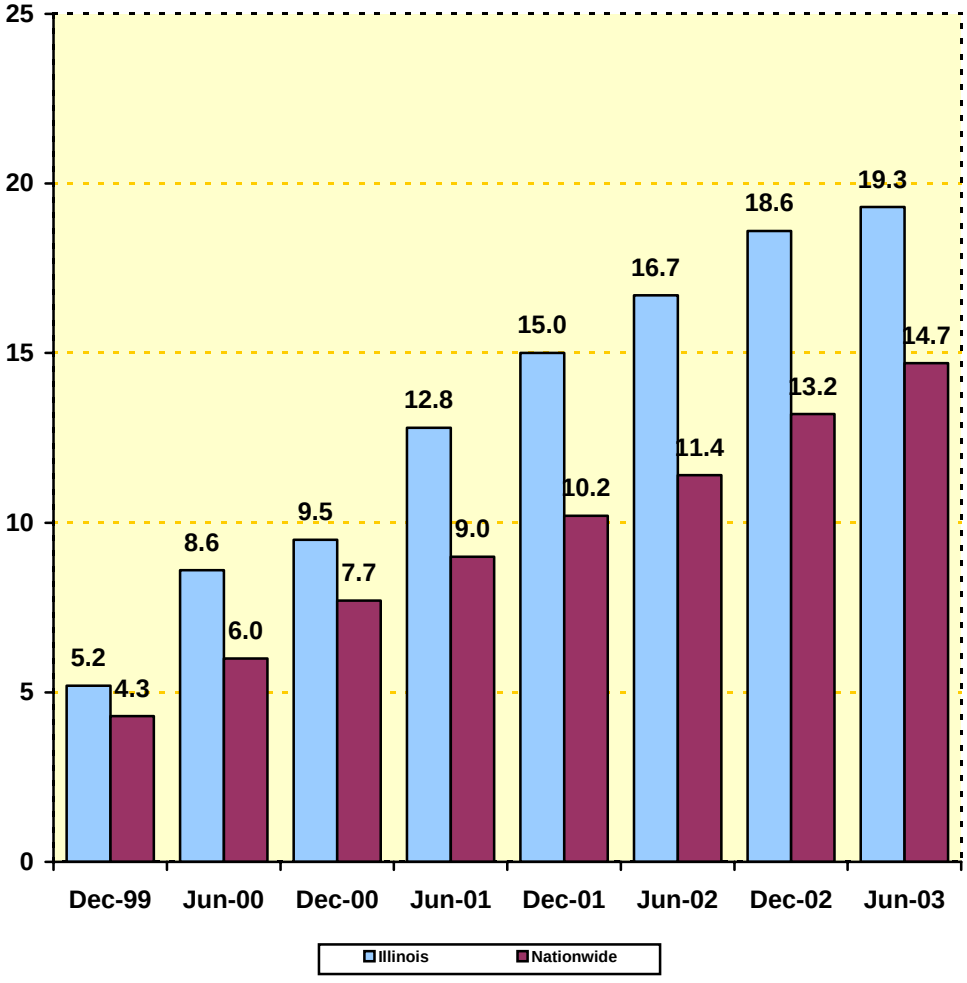
	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003	DEC 2003	JUN 2004
IL ILEC Lines[23]	8,040 (95%)	7,991 (93%)	7,876 (91%)	7,559 (87%)	7,579 (85%)	7,322 (83%)	6,994 (81%)	6,741 (81%)	6,518 (80%)	6,327 (79%)
IL CLEC Lines[23]	444 (5%)	590 (7%)	803 (9%)	1,113 (13%)	1,341 (15%)	1,468 (17%)	1,602 (19%)	1,617 (19%)	1,662 (20%)	1,673 (21%)
All IL LEC Lines	8,484	8,581	8,679	8,672	8,920	8,790	8,596	8,358	8,180	8,000

[22] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2004, Released December 2004.

[23] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2004, Released December 2004.

Figure 4 again shows that, as with the nationwide trend, the CLECs' overall retail market share has increased continuously in Illinois over the past four years. Figure 4 also displays that the CLECs' overall market share in Illinois consistently has exceeded the national average. This may be explained, at least in part, by the attractiveness of the dense and populous Chicago metropolitan market.

Figure 4: CLEC Market Shares - Large Providers
(% of POTS Lines)



F. Cross State Comparisons of Competitive Retail POTS

Table 14 – June 30, 2004 POTS Provision: Large Providers

State	Population**	Population per Sq. Mile**	POTS Lines**** (Large Carriers)	CLEC Market Share**** (Large Carriers)
Alabama	4,447,100	88	2,362,118	15%
Alaska	626,932	1	*	*
Arizona	5,130,632	45	3,229,626	25%
Arkansas	2,673,400	51	1,335,196	12%
California	33,871,648	217	23,202,576	16%
Colorado	4,301,261	41	2,937,715	17%
Connecticut	3,405,565	703	2,375,074	11%
Delaware	783,600	401	590,276	16%
District of Columbia	572,059	9,317	1,131,004	19%
Florida	15,982,378	296	11,418,566	16%
Georgia	8,186,453	141	5,022,293	19%
Hawaii	1,211,537	189	*	*
Idaho	1,293,953	16	714,312	7%
Illinois	***12,419,293***	***223***	***7,999,510***	***21%***
Indiana	6,080,485	170	3,596,911	14%
Iowa	2,926,324	52	1,431,479	14%
Kansas	2,688,418	33	1,419,642	22%
Kentucky	4,041,769	102	2,060,305	11%
Louisiana	4,468,976	103	2,323,851	12%
Maine	1,274,923	41	803,981	14%
Maryland	5,296,486	542	3,854,786	16%
Massachusetts	6,349,097	810	4,429,798	23%
Michigan	9,938,444	175	6,062,886	26%
Minnesota	4,919,479	62	2,981,979	20%
Mississippi	2,844,658	61	1,279,798	10%
Missouri	5,595,211	81	3,337,339	13%
Montana	902,195	6	501,752	4%
Nebraska	1,711,263	22	941,817	22%
Nevada	1,998,257	18	1,421,795	11%
New Hampshire	1,235,786	138	840,913	20%
New Jersey	8,414,350	1,134	6,468,140	20%
New Mexico	1,819,046	15	970,814	8%
New York	18,976,457	402	12,369,803	30%
North Carolina	8,049,313	165	5,016,818	11%
North Dakota	642,200	9	288,383	8%
Ohio	11,353,140	277	6,677,236	15%
Oklahoma	3,450,654	50	1,834,673	13%
Oregon	3,421,399	36	2,011,039	13%
Pennsylvania	12,281,054	274	8,345,018	20%
Rhode Island	1,048,319	1,003	662,640	32%
South Carolina	4,012,012	133	2,251,706	10%
South Dakota	754,844	10	*	*%
Tennessee	5,689,283	138	3,294,083	14%
Texas	20,851,820	80	12,459,719	19%
Utah	2,233,169	27	1,228,687	23%
Vermont	608,827	66	*	*
Virginia	7,078,515	179	3,770,375	13%
Washington	5,894,121	89	3,838,773	10%
West Virginia	1,808,344	75	*	*
Wisconsin	5,363,675	99	3,381,645	19%
Wyoming	493,782	5	*	*
*Total - All States****	281,421,906	80	180,086,735	18%

* Data withheld to maintain confidentiality of information.
** U.S. Census 2000. Population per square mile is based on land area, which excludes water area.
*** Includes information for Puerto Rico and the Virgin Islands.
**** Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2004, Released December 2004.

Table 14 displays demographic and retail POTS provisioning information for the 50 states and the District of Columbia, based on data compiled by the FCC for June 30, 2004. This data provides useful information on how CLEC market shares in Illinois compare with those in other states.

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.[24] This definition matches the definition of "advanced telecommunications services" as used in the PUA.[25] This definition also matches that used by the FCC in its data collection activities and analyses of high-speed telecommunications markets.[26]

---

[24] 220 ILCS 5/13-517

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

[26] 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 a report recently 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.

Information concerning high-speed service provisioning is reported by state to the FCC (only by facilities-based providers of high-speed lines that serve at least 250 lines in a given state). 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.[27]

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.

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 though a switch to middle mile facilities.

[27] 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. See FCC, High Speed Services for Internet Access: Status as of December 31, 2001, Released July 2002, at 1-2.

> 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 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]

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

---

[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).

Technologies in the "other" category include symmetric DSL, traditional T1 wireline, fiber optic to the customer's premises, satellite, and (terrestrial) fixed wireless technologies.[30]

B. Nationwide and Statewide Provision of High Speed Lines

Table 15: Nationwide High-Speed Lines (Large Providers)

(Millions)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003	DEC 2003	JUN 2004
US Lines[31]	2.8	4.4	7.0	9.6	12.8	16.2	19.9	23.5	28.2	32.5
6 Month Growth Rate	N/A	59%	62%	36%	33%	27%	23%	18%	20%	15%

Table 15 display high-speed line counts nationwide, as reported biannually to the FCC. This table shows that nationwide there has been substantial growth in high-speed telecommunications lines over the last several years.

Table 16: Illinois High-Speed Lines (Large Providers)

(Millions)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003	DEC 2003	JUN 2004
Lines[32]	0.1	0.2	0.2	0.4	0.4	0.6	0.7	0.9	1.1	1.3
6 Month Growth Rate	N/A	115%	45%	45%	21%	31%	33%	19%	25%	20%

As shown in Table 16, mid-year 2004, larger high-speed providers reported just over 1,300,000 high-speed lines in Illinois.

---

[30] 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.

[31] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2004, Released December 2004.

[32] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2004, Released December 2004.

C. Nationwide and Statewide High Speed Lines by Technology

Table 17: Illinois High-Speed Lines by Technology (Large Providers)

June 30, 2004

	ADSL	*Coaxial Cable*	*Other*	*Total*
Lines[33]	588,906	589,025	127,160	1,305,091
% of Total	45%	45%	10%	100%

As shown in Table 17, the number of high-speed lines provisioned over ADSL technology was nearly equal to the number of lines provisioned via cable coaxial technology. Thus, the lead in broadband provisioning maintained by cable-modem providers in Illinois in past periods was essentially eliminated.

Table 18: Nationwide High-Speed Lines by Technology (Large Providers)

June 30, 2004

	ADSL	*Coaxial Cable*	*Other*	*Total*
Lines[34]	11,398,199	18,592,636	2,100,332	32,458,458
% of Total	35%	57%	8%	100%

Tables 18 reveals that nationwide, cable modem providers continue to maintain their lead in broadband provisioning over ADSL providers.

[33] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2004, Released December 2004.

[34] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, High-Speed Services for Internet Access: Status as of June 30, 2004, Released December 2004.

IV. MOBILE WIRELESS TELECOMMUNICATIONS

A. Overview

Data on mobile wireless subscribership are reported by state to the FCC by facilities-based wireless mobile providers with 10,000 or more subscribers in a given state (as measured by revenue-generating handsets in service). Facilities-based wireless providers serve subscribers using electromagnetic spectrum that they are licensed to utilize or manage.[35] 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.

B. Provision of Mobile Wireless Services

Table 19: Illinois Mobile Wireless Subscribers (Large Providers) (Millions)

	DEC 1999	*JUN 2000*	*DEC 2000*	*JUN 2001*	*DEC 2001*	*JUN 2002*	*DEC 2002*	*JUN 2003*	*DEC 2004*	*JUN 2004*
Subscribers[36]	3.9	4.3	5.1	5.6	5.6	5.4	6.5	6.8	7.2	7.5
6 Month Growth Rate	N/A	10%	19%	9%	0%	-4%	20%	6%	5%	5%

Table 19 displays mobile wireless subscribership data for Illinois (reported biannually to the FCC). At mid-year 2004, larger mobile wireless providers reported approximately 7.5 million subscribers in Illinois.

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

[36] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2003, Released December 2003.

TABLE 20: NATIONWIDE MOBILE WIRELESS SUBSCRIBERS (LARGE PROVIDERS) (MILLIONS)

	DEC 1999	JUN 2000	DEC 2000	JUN 2001	DEC 2001	JUN 2002	DEC 2002	JUN 2003	DEC 2003	JUN 2004
US Lines[37]	79.7	90.6	101.0	114.0	124.0	130.8	138.9	147.6	157.0	167.3
6 Month Growth Rate	N/A	14%	11%	13%	7%	5%	6%	6%	6%	7%

Table 20 indicates that the growth rate nationwide in mobile subscribership has been relatively constant since year-end 2001.

V. 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.[38]

The market share information contained in this report suggests that competition continues to increase in Illinois. The CLEC overall POTS market share increased by approximately two percentage points between year-end 2003 and year-end 2004. Furthermore, the 23% market share held by CLECs at year-end 2004 represents a marked increase over the 5% market share held by CLECs in Illinois at year-end 1999. While competition continues to increase,

[37] Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2004, Released December 2004.

[38] "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.

ILECs continue to provide a high percentage of retail lines in Illinois. At year-end 2004, ILECs provided approximately 77% of all retail POTS lines in Illinois.

It is instructive to examine CLEC market entry in different areas of Illinois. Viewing Illinois as a single POTS market does not accurately reflect the manner in which competition in local services is developing.[39] While CLECs collectively hold 23% of POTS lines statewide, CLEC market shares vary significantly from region to region. In some areas of the state, serving CLECs still control very few retail POTS lines. In others, however – notably the Chicago LATA - the CLEC market share is much higher. CLECs served approximately 27% of all retail POTS lines in the Chicago LATA. Thus, market penetration by CLECs in Illinois clearly has been most focused and most successful in the Chicago LATA.

Recommendations for Legislative Action

At this time, the Commission has no specific recommendations for legislative action arising directly from the facts and findings contained in this report. Separately, the Commission this year may convey to the General Assembly several proposals for legislative action concerning telecommunications.

[39] "A market is defined as a product or a group of products in a geographic area in which it is produced or sold such that a hypothetical profit-maximizing firm, not subject to price regulation, that was the only present and future producer or seller of those products in that area likely would impose at least a "small but significant and nontransitory" increase in price, assuming the terms of the sale of all other products are held constant." Department of Justice, 1992 Horizontal Merger Guidelines, Section 1.0.

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.[40]

There is considerable variation in size and demographic makeup among the Illinois LATAs.[41] Table 5 (above) lists size and demographic data for each of the 14 LATAs for which information is presented in this report. Table 5 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,

---

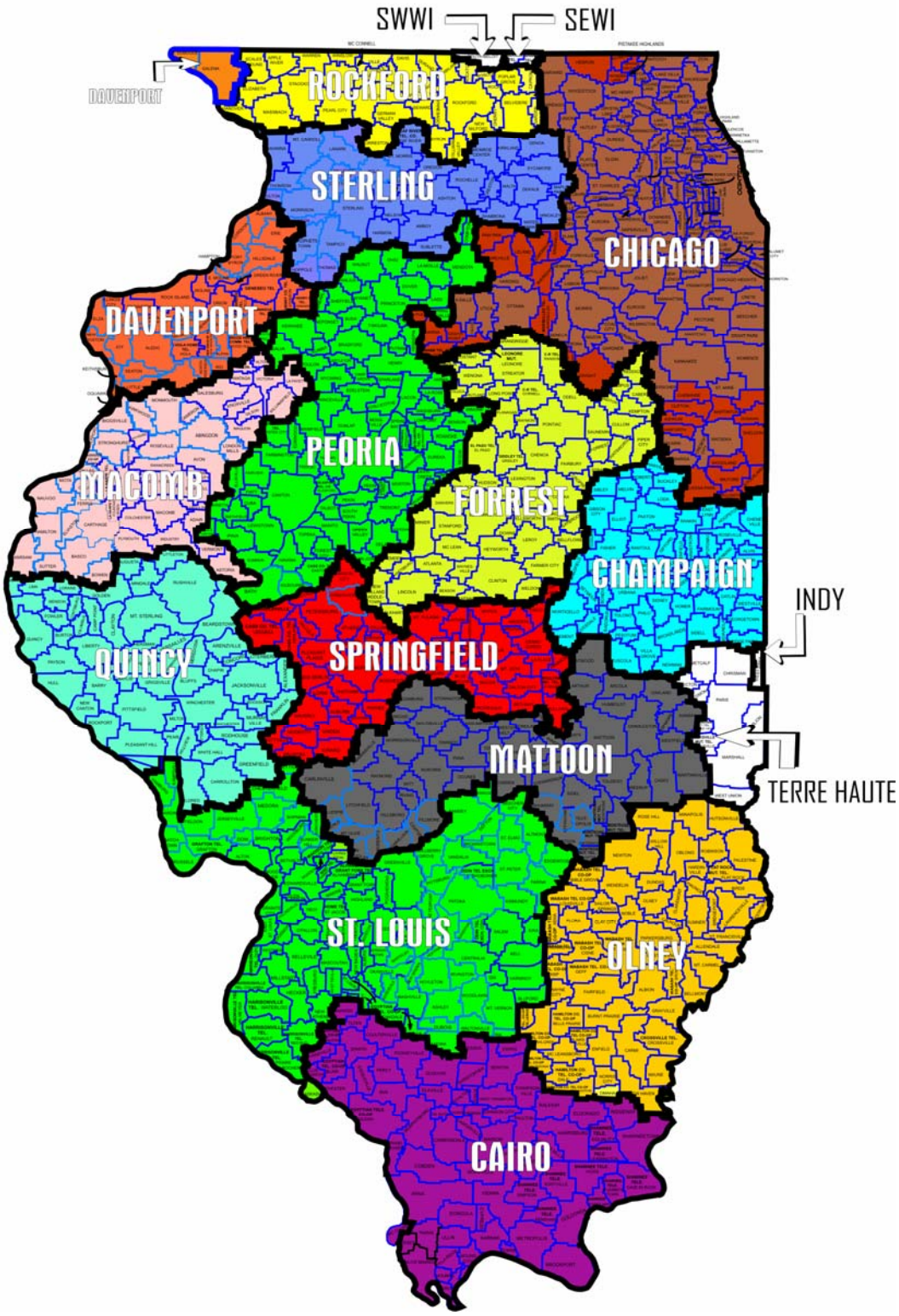
[40] Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other "LATA" boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc.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

[41] 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 Cite 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 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: LATAS IN ILLINOIS



APPENDIX B: Reporting Status

Extracting and reporting the data required by the Commission's CDR is, for many carriers, a decidedly non-trivial exercise. Not surprisingly, a number of carriers have difficulty providing the required information. For example, the definitions used in the Commission's CDR often differ from the numerous and varied definitions devised and used by carriers for their own internal purposes.[42] Recognizing the difficulties faced by carriers, the Commission and its Staff have made every effort to assist carriers in their reporting efforts. It must be recognized, however, that absent comprehensive audits the accuracy of the information reported herein depends primarily on the accuracy of the information reported by the carriers.

Tables B1 and B2 contain lists of certificated local exchange carriers in Illinois on March 1, 2005, and carriers reporting to the Commission's CDR, respectively.

[42] Many of the definitions used in the Commission's CDR were developed to be consistent with those utilized by the FCC

Table B1 - Certificated Local Exchange Carriers on 3/1/05

1-800-RECONEX, Inc. d/b/a Ustel
360networks (USA) inc.
AboveNet Communications, Inc.
Access One, Inc.
Access2Go, Inc.
AccuTel of Texas, Inc. d/b/a 1-800-4-A-PHONE
ACN Communication Services, Inc.
ACSI Local Switched Services, Inc. d/b/a e.spire
Adams Telephone Co-Operative
Adams TelSystems, Inc.
Advanced Integrated Technologies Inc.
Advanced TelCom, Inc. d/b/a Advanced TelCom Group d/b/a ATG
Aero Communications, LLC
Affordable Voice Communications, Inc.
Airespring, Inc.
Alhambra-Grantfork Telephone Company
Allegiance Telecom of Illinois, Inc.
ALLTEL Communications, Inc.
Allure Communications, LLC
American Farm Bureau, Inc. d/b/a Farm Bureau® Connection sm, The
American Fiber Network, Inc. d/b/a 'AFN'
AmeriMex Communications Corp.
Ameritech Advanced Data Services of Illinois, Inc. d/b/a SBC Advanced Solutions, Inc.
Ameritech Communications of Illinois, Inc.
Ameritel Illinois, Inc.
AMI Communications, Inc.
Apps Communications, Inc.
Ascendtel, LLC
Association Management Resources, Inc.
AT&T Communications of Illinois, Inc.
B & S Telecom, Inc. d/b/a Quick Connect USA d/b/a Consumers Telephone Company
BAK Communications, LLC
BCN Telecom, Inc.
BellSouth BSE, Inc.
BellSouth Long Distance, Inc.
Bergen Telephone Company
Big River Telephone Company, LLC
Birch Telecom of the Great Lakes, Inc.
BITWISE Communications, Inc.
Broadwing Communications, LLC
BT Communications Sales LLC
Budget Phone, Inc.
Bullseye Telecom, Inc.
Buzz Telecom, Corporation
Camarato Distributing, Inc.
Cambridge Telcom Services, Inc.
Cambridge Telephone Company
Campus Communication Group, Inc.
Cass Telephone Company
CAT Communications International, Inc.
Cbeyond Communications, LLC
CenturyTel Fiber Company II, LLC d/b/a LightCore CenturyTel Company
Charter Fiberlink-Illinois, LLC
Chicago Fiber Optic Corporation d/b/a Metropolitan Fiber Systems of Chicago, Inc.
Choctaw Communications, Inc. d/b/a Smoke Signal Communications
CI2, Inc.
CIMCO Communications, Inc.
Cinergy Communications Company
Citizens Telecommunications Company of Illinois d/b/a Frontier Citizens Communications of Illinois
City of Batavia
City of Geneva
City of Naperville
City of Princeton
City of Rochelle
City of Rock Falls
City of Springfield
City of St. Charles
Citynet Illinois, LLC
Claricom Networks, LLC
Clarity Telecom Local Network Services, Inc.
Cleartel Telecommunications, Inc. d/b/a Now Telecommunications
CloseCall America, Inc.
CM Tel (USA) LLC
CMC Telecom, Inc.
Cogent Communications of Illinois, Inc.
Comcast Phone of Illinois, LLC d/b/a Comcast Digital Phone
Comm South Companies, Inc.
Computer Network Technology Corporation
COMTECH 21, LLC
ComTech Solutions, L.L.C. d/b/a Integrated Connections
Consolidated Communications Network Services, Inc.
Cordia Communications Corp.
CoreComm Illinois, Inc.
Covad Communications Company
Covista, Inc.
C-R Telephone Company
Crosslink Long Distance Company
Crossville Telephone Company, The
Cypress Communications Operating Company, Inc.
Illinois IntraNetwork, Inc.
Illinois Telephone Corporation
Integrated Communications Consultants, Inc.
Integrated Solutions, L.L.C.
Intelligent Switch Services, LLC
Inter-Tel NetSolutions, Inc.
Intrado Inc.
iP Tel, LLC
IQ Telecom, Inc.
Kayla Communications, Inc.
KBS Computer Services, Inc.
Kentucky Data Link, Inc. d/b/a Cinergy Networks
King City Telephone, LLC d/b/a Southern Illinois Communications
KMC Data LLC
KMC Telecom V, Inc.
LaHarpe Telephone Company, Inc.
Leaf River Telephone Company
Lee's Communications, LLC d/b/a Talk & Go
Level 3 Communications, L.L.C.
Levin Telecommunications, Corp.
Lightspeed Telecom, LLC
LightWave Communications, LLC
Lightyear Network Solutions, LLC
Line 1 Communications, LLC d/b/a Direct Line Communications
Local Fiber L.L.C.
Local Line America, Inc.
Long Distance of Michigan, Inc., d/b/a LDMI Telecommunications
Looking Glass Networks, Inc.
Loop Telecom, L.P.
Madison Network Systems, Inc.
Madison River Communications, LLC d/b/a Gallatin River Integrated Communications Solutions
Madison Telephone Company
Marseilles Telephone Company, The
Master Call Communications, Inc.
MCC Telephony of Illinois, Inc.
McDonough Telephone Cooperative, Inc.
McGraw Communications, Inc.
MCI WorldCom Communications, Inc.
MCImetro Access Transmission Services, Inc.
McLeodUSA Telecommunications Services, Inc.
McNabb Telephone Company
Metamora Telephone Company
Metro Teleconnect Companies, Inc.
Metropolitan Telecommunications of Illinois d/b/a MetTel
Mid-Century Telephone Cooperative, Inc.
Midwest Telecom of America, Inc.
Midwestern Telecommunications, Incorporated
Montrose Mutual Telephone Company
Moultrie Independent Telephone Company
Moultrie InfoComm, Inc.
Mpower Communications Corp. d/b/a Mpower Communications of Illinois
MTCO Communications, Inc.
Navigator Telecommunications, LLC
Neon Telephone, Inc.
Network US, Inc. d/b/a CA Affinity
NetworkIP, L.L.C.
Neutral Tandem-Illinois, LLC
New Access Communications, LLC
New Edge Network, Inc. d/b/a New Edge Networks
New Millennium Telecommunications, Inc.
New Windsor Telephone Company
NextG Networks of Illinois, Inc.
Nexus Communications, Inc.
nii communications, Ltd.
Norlight Telecommunications, Inc.
North County Communications Corporation
NorVergence, Inc.
NOS Communications, Inc. d/b/a International Plus d/b/a 011 Communications
d/b/a The Internet Business Association d/b/a iVantage Network Solutions d/b/a Blueridge Telecom Systems
Novacon LLC
NOW Communications, Inc. d/b/a NOW Communications of Illinois, Inc.
NTERA, Inc.
NTS Services Corp.
NuVox Communications of Illinois, Inc.
Odin Telephone Exchange, Inc.
Oneida Network Services, Inc.
OnePoint Communications-Illinois, LLC d/b/a Verizon Avenue
OneStar Long Distance, Inc.
OnFiber Carrier Services, Inc.
Pacific Centrex Services, Inc.
PaeTec Communications, Inc.
Peak Communications, Inc.
PersonalOffice, Inc.
PhoneCo, L.P.
Platinumtel Communications, LLC
PNG Telecommunications, Inc. d/b/a PowerNet Global Communications
Poltel, LLC
Preferred Carrier Services, Inc.
Premiere Network Services, Inc.

Table B1 - Certificated Local Exchange Carriers on 3/1/05 (Continued)

Cypress Telecommunications Corporation d/b/a Cytel
Data Net Systems, L.L.C.
Delta Communications, LLC, d/b/a Clearwave Communications
Dial-Around Telecom, Inc.
DIGITAL NETWORK ACCESS COMMUNICATIONS, INC.
Diverse Communications, Inc.
DLS Communication Services, Inc.
DMJ Communications, Inc.
Dominion Telecom, Inc.
dPi-Teleconnect, L.L.C.
DSLnet Communications, LLC
Eagle Communications, Inc.
Easton Telecom Services, L.L.C.
Easy Call, Inc.
Econodial, LLC
EGIX Network Services, Inc.
Egyptian Communication Services, Inc.
Egyptian Telephone Cooperative Association, Inc.
El Paso Global Networks Company
El Paso Networks, L.L.C.
El Paso Telephone Company, The
Electric Lightwave, Inc.
Epana Networks, Inc.
Equivoice, L.L.C.
Ernest Communications, Inc.
Essex Telcom, Inc.
Excel Telecommunications, Inc.
EZ RECONNECT, LLC
EZ Talk Communications, L.L.C.
FairPoint Communications Solutions Corp.
First Communications, LLC
Flat Rock Communications, Inc.
Flat Rock Telephone Co-Op, Incorporated
Focal Communications Corporation of Illinois
Forte Communications, Inc.
France Telecom Corporate Solutions L.L.C.
Frontier Communications - Midland, Inc.
Frontier Communications - Prairie, Inc.
Frontier Communications - Schuyler, Inc.
Frontier Communications of DePue, Inc.
Frontier Communications of Illinois, Inc.
Frontier Communications of Lakeside, Inc.
Frontier Communications of Mt. Pulaski, Inc.
Frontier Communications of Orion, Inc.
Gallatin River Communications L.L.C.
GANTEL, L.L.C.
Geneseo Communications Services, Inc.
Geneseo Telephone Company
Global Connection Inc. of America
Global Crossing Local Services, Inc.
Global Crossing Telemanagement, Inc.
Global Internetworking, Inc.
Global NAPs Illinois, Inc.
Global Teldata, Inc.
Globalcom Inc.
GlobalEyes Telecommunications, Inc.
Globcom, Inc.
Grafton Technologies, Inc.
Grafton Telephone Company
Granite Telecommunications, LLC
Great America Networks, Inc.
Grid 4 Communications, Inc.
Gridley Communications, Inc.
Gridley Telephone Co.
Hamilton County Telephone Co-Op.
Hanson Telecommunications, Inc.
Harrisonville Telephone Company
Henry County Communications Services, Inc.
Henry County Telephone Company
Home TeleNetworks, Inc.
Home Telephone Co.
ICG Telecom Group, Inc.
IDT America, Corp.
IlliCom Telecommunications, Inc.
Illinois Bell Telephone Company
Illinois Consolidated Telephone Company
Primo Communications, Inc.
Primus Telecommunications, Inc.
ProCom International, Ltd.
PT Communications, Inc.
QuantumShift Communications, Inc.
Quick-Tel Communications, Inc.
Qwest Communications Corporation
Qwest Interprise America, Inc.
RCN Telecom Services of Illinois, LLC
Reliant Communications, Inc.
Reynolds Telephone Company
RGT Utilities of California, Inc.
Ripple Communications, Inc.
ROUTE 24 Computers, Inc.
Royal Phone Company LLC
Sage Telecom, Inc.
SBA Broadband Services, Inc.
Sharon Telephone Company
Shawnee Telephone Company, Inc.
ShawneeLink Corporation
SNG Communications, L.L.C.
SOS Telecom, Inc.
Spectrotel, Inc.
Sprint Communications Company L.P. d/b/a Sprint Communications L.P.
Supra Telecommunications and Information Systems, Inc.
Swetland Internet, Inc.
Symatec Communications, LLC
Talk America Inc.
TalkingNets Holdings, LLC
TCG Chicago
TCG Illinois
TCG St. Louis
TDS Metrocom, LLC
TelCove Operations, Inc.
Telecom Management, Inc. d/b/a SBA of America d/b/a Pioneer Telephone
Telecourier Communications Corporation
Teligent Services, Inc.
TelNet-IL, LLC
Telscape Communications, Inc.
Think 12 Corporation d/b/a Hello Depot
Tonica Telephone Company
Trans National Communications International, Inc.
TransWorld Network, Corp.
Tri-City Regional Port District d/b/a River's Edge Telecommunications
Trinsic Communications, Inc.
TruComm Corporation
U.S. Gas Electric & Telecommunications Corp.
UCN, Inc.
United Communications Systems, Inc.
Universal Access, Inc.
US Signal Company, L.L.C. d/b/a RVP Fiber Company
US TelePacific Corp. d/b/a TelePacific Communications
US Xchange of Illinois, L.L.C. d/b/a Choice One d/b/a Choice One Communications
VarTec Solutions, Inc.
VarTec Telecom, Inc.
Verizon North Inc.
Verizon Select Services Inc.
Verizon South Inc.
Vertex Broadband, Corp.
Viola Home Telephone Company
Virtual Office Services, Inc. d/b/a Aspen Datacom
Volo Communications of Illinois, Inc.
Wabash Independent Networks, Inc.
Wabash Telephone Cooperative, Inc.
WilTel Communications, LLC
WilTel Local Network, LLC
Winco, Inc.
Wings Communications Inc.
Winstar Communications, LLC
Woodhull Telephone Company
Working Assets Funding Services (Inc.)
XO Communications Services, Inc.
XO Illinois, Inc.
Yates City Telephone Company
Yipes Enterprise Services, Inc.
Zone Telecom, Inc.

Table B2 – Carriers that Responded to the ICC Competition Data Request

Company
1-800-RECONEX, Inc. d/b/a Ustel
360networks (USA) inc.
Access2Go, Inc.
ACN Communication Services, Inc.
Adams Telephone Co-Operative
Adams TelSystems, Inc.
Airespring, Inc.
Alhambra-Grantfork Telephone Company
Allegiance Telecom of Illinois, Inc.
ALLTEL Communications, Inc.
American Farm Bureau, Inc. d/b/a Farm Bureau® Connection sm, The
AmeriMex Communications Corp.
Ameritech Advanced Data Services of Illinois, Inc. d/b/a SBC Advanced Solutions, Inc.
AMI Communications, Inc.
Ascendtel, LLC
AT&T Communications of Illinois, Inc.
B & S Telecom, Inc. d/b/a Quick Connect USA d/b/a Consumers Telephone Company
BellSouth BSE, Inc.
BellSouth Long Distance, Inc.
Bergen Telephone Company
Birch Telecom of the Great Lakes, Inc.
Camarato Distributing, Inc.
Cambridge Telcom Services, Inc.
Cambridge Telephone Company
Cass Telephone Company
CAT Communications International, Inc.
Cbeyond Communications, LLC
CenturyTel Fiber Company II, LLC d/b/a LightCore CenturyTel Company
Chicago Fiber Optic Corporation d/b/a Metropolitan Fiber Systems of Chicago, Inc.
CIMCO Communications, Inc.
Cinergy Communications Company
Citizens Telecommunications Company of Illinois d/b/a Frontier Citizens Communications of Illinois
City of Batavia
City of Princeton
City of Rochelle
City of Rock Falls
City of Springfield
City of St. Charles
Claricom Networks, LLC
Clarity Telecom Local Network Services, Inc.
Comcast Phone of Illinois, LLC d/b/a Comcast Digital Phone
Comm South Companies, Inc.
ComTech Solutions, L.L.C. d/b/a Integrated Connections
Consolidated Communications Network Services, Inc.
CoreComm Illinois, Inc.
Covad Communications Company
C-R Telephone Company
Crossville Telephone Company, The
Data Net Systems, L.L.C.
Delta Communications, LLC, d/b/a Clearwave Communications
DSLnet Communications, LLC
Easton Telecom Services, L.L.C.
EGIX Network Services, Inc.
Egyptian Telephone Cooperative Association, Inc.
El Paso Telephone Company, The
Ernest Communications, Inc.
Essex Telcom, Inc.
Excel Telecommunications, Inc.
First Communications, LLC
Flat Rock Telephone Co-Op, Incorporated
Focal Communications Corporation of Illinois
Forte Communications, Inc.
Frontier Communications - Midland, Inc.
Frontier Communications - Prairie, Inc.
Frontier Communications - Schuyler, Inc.
Frontier Communications of America, Inc.
Frontier Communications of DePue, Inc.
Frontier Communications of Illinois, Inc.
Frontier Communications of Lakeside, Inc.
Frontier Communications of Mt. Pulaski, Inc.
Frontier Communications of Orion, Inc.
Gallatin River Communications L.L.C.
Geneseo Telephone Company
Glasford Telephone Company
Global Connection Inc. of America
Global Crossing Local Services, Inc.
Global Crossing Telemanagement, Inc.
Global Internetworking, Inc.
Global Teldata, Inc.
Globalcom Inc.
Grafton Long Distance Company
Grafton Technologies, Inc.
Grafton Telephone Company
Grandview Mutual Telephone Company
Granite Telecommunications, LLC
Gridley Telephone Co.
Hamilton County Telephone Co-Op.
Harrisonville Telephone Company
Henry County Telephone Company
Illinois Telephone Corporation
Integrated Solutions, L.L.C.
Intrado Inc.
King City Telephone, LLC d/b/a Southern Illinois Communications
Kinsman Mutual Telephone Co.
KMC Data LLC
KMC Telecom V, Inc.
LaHarpe Telephone Company, Inc.
Leaf River Telephone Company
Lee's Communications, LLC d/b/a Talk & Go
Leonore Mutual Telephone Co., Inc.
Level 3 Communications, L.L.C.
Local Fiber L.L.C.
Local Line America, Inc.
Madison River Communications, LLC d/b/a Gallatin River Integrated Communications Solutions
Madison Telephone Company
Marseilles Telephone Company, The
McDonough Telephone Cooperative, Inc.
MCI WorldCom Communications, Inc.
MCImetro Access Transmission Services, Inc.
McKerracher & Associates Inc.
McLeodUSA Telecommunications Services, Inc.
McNabb Telephone Company
Metamora Telephone Company
Mid-Century Telephone Cooperative, Inc.
Midwest Telecom of America, Inc.
Midwestern Telecommunications, Incorporated
Montrose Mutual Telephone Company
Moultrie Independent Telephone Company
Moultrie InfoComm, Inc.
Mpower Communications Corp. d/b/a Mpower Communications of Illinois
MTCO Communications, Inc.
Navigator Telecommunications, LLC
NetOne International
New Access Communications, LLC
New Windsor Telephone Company
Nexus Communications, Inc.
nii communications, Ltd.
Norlight Telecommunications, Inc.
NOS Communications, Inc. d/b/a International Plus d/b/a 011 Communications
d/b/a The Internet Business Association d/b/a iVantage Network Solutions d/b/a Blueridge Telecom Systems
NOW Communications, Inc. d/b/a NOW Communications of Illinois, Inc.
NuVox Communications of Illinois, Inc.
Odin Telephone Exchange, Inc.
Oneida Network Services, Inc.
Oneida Telephone Exchange, Inc.
OnePoint Communications-Illinois, LLC d/b/a Verizon Avenue
Pacific Centrex Services, Inc.
PaeTec Communications, Inc.
Peak Communications, Inc.
PhoneCo, L.P.
PNG Telecommunications, Inc. d/b/a PowerNet Global Communications
Poltel, LLC
Preferred Carrier Services, Inc.
QuantumShift Communications, Inc.
Qwest Communications Corporation
Qwest Interprise America, Inc.
RCN Telecom Services of Illinois, LLC
Reliant Communications, Inc.
Reynolds Telephone Company
RGT Utilities of California, Inc.
Royal Phone Company LLC
Sage Telecom, Inc.
Sharon Telephone Company
Shawnee Telephone Company, Inc.
Spectrotel, Inc.
Sprint Communications Company L.P. d/b/a Sprint Communications L.P.
Stelle Telephone Company
Talk America Inc.
TCG Chicago
TCG Illinois
TCG St. Louis
TDS Metrocom, LLC
Think 12 Corporation d/b/a Hello Depot
Time Warner Telecom of Illinois, LLC
Tonica Telephone Company
Trinsic Communications, Inc.
TruComm Corporation
United Communications Systems, Inc.
Universal Access, Inc.
US Signal Company, L.L.C. d/b/a RVP Fiber Company
US TelePacific Corp. d/b/a TelePacific Communications
US Xchange of Illinois, L.L.C. d/b/a Choice One d/b/a Choice One Communications
VarTec Solutions, Inc.
VarTec Telecom, Inc.
Verizon North Inc.
Verizon Select Services Inc.
Verizon South Inc.
Vertex Broadband, Corp.
Viola Home Telephone Company

Table B2 – Carriers that Responded to the ICC Competition Data Request (Continued)

Home TeleNetworks, Inc.
Home Telephone Co.
ICG Telecom Group, Inc.
Illinois Bell Telephone Company
Illinois Consolidated Telephone Company
Wabash Independent Networks, Inc.
Wabash Telephone Cooperative, Inc.
Winstar Communications, LLC
Woodhull Telephone Company
XO Illinois, Inc.
Yates City Telephone Company

APPENDIX C: POTS Provisioning Detail

Table C1 – C5 contain detail POTS provisioning information for the 14 Illinois LATAs examined in this report. Table C1 contains POTS lines in each LATA provided by ILECs, CLECs and all LECs combined. Tables C2 and C3 contain similar information regarding, respectively, residential and business POTS line provisioning. Table C4 reports the distributions of lines between residential and business customers for ILECs, CLECs, and all LECs combined. Finally, Table C5 includes information summarizing the methods used by CLECs to provide POTS service.

Table C1 - Retail POTS Provision by LATA
(December 31, 2004)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358	CHICAGO ILLINOIS	64	5,888,712	8	4,325,410	56	1,563,302	26.5%
360	ROCKFORD ILLINOIS[1]	34	232,756	4	188,824	30	43,932	18.9%
362	CAIRO ILLINOIS	27	151,743	4	146,692	23	5,051	3.3%
364	STERLING ILLINOIS	30	108,715	5	101,042	25	7,673	7.1%
366	FORREST ILLINOIS	25	139,637	7	135,834	18	3,803	2.7%
368	PEORIA ILLINOIS	36	263,878	9	229,884	27	33,994	12.9%
370	CHAMPAIGN ILLINOIS[2]	33	196,629	4	172,411	29	24,218	12.3%
374	SPRINGFIELD ILLINOIS	33	246,551	6	198,876	27	47,675	19.3%
376	QUINCY ILLINOIS	26	87,718	4	76,981	22	10,737	12.2%
520	ST LOUIS MISSOURI	39	413,490	10	332,662	29	80,828	19.5%
634	DAVENPORT IOWA	34	129,300	9	111,437	25	17,863	13.8%
976	MATTOON ILLINOIS	11	108,076	5	107,884	6	192	0.2%
977	MACOMB ILLINOIS	15	67,749	8	67,528	7	221	0.3%
978	OLNEY ILLINOIS	15	68,549	6	67,361	9	1,188	1.7%
	Statewide	114	8,103,503	49	6,262,826	65	1,840,677	22.7%

[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 C2 - Residential Retail POTS Provision by LATA
(December 31, 2004)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358	CHICAGO ILLINOIS	49	3,407,925	8	2,454,895	41	953,030	28.0%
360	ROCKFORD ILLINOIS[1]	27	148,683	4	127,202	23	21,481	14.4%
362	CAIRO ILLINOIS	22	104,156	4	101,128	18	3,028	2.9%
364	STERLING ILLINOIS	22	73,363	5	68,586	17	4,777	6.5%
366	FORREST ILLINOIS	21	89,836	7	89,542	14	294	0.3%
368	PEORIA ILLINOIS	29	173,428	9	153,507	20	19,921	11.5%
370	CHAMPAIGN ILLINOIS[2]	26	114,028	4	100,428	22	13,600	11.9%
374	SPRINGFIELD ILLINOIS	26	142,054	6	112,362	20	29,692	20.9%
376	QUINCY ILLINOIS	18	58,869	4	51,838	14	7,031	11.9%
520	ST LOUIS MISSOURI	34	293,658	10	233,416	24	60,242	20.5%
634	DAVENPORT IOWA	28	80,943	9	70,449	19	10,494	13.0%
976	MATTOON ILLINOIS	7		5		2		
977	MACOMB ILLINOIS	9	167,960*	8	167,301*	1	659*	0.4%*
978	OLNEY ILLINOIS	11		6		5		
	Statewide	99	4,854,903	49	3,730,654	50	1,124,249	23.2%

[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 figure for the Mattoon, Macomb, and Olney LATAs.

Table C3 - Business Retail POTS Provision by LATA
(December 31, 2004)

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358	CHICAGO ILLINOIS	50	2,480,787	8	1,870,515	42	610,272	24.6%
360	ROCKFORD ILLINOIS[1]	27	84,073	4	61,622	23	22,451	26.7%
362	CAIRO ILLINOIS	20	47,587	4	45,564	16	2,023	4.3%
364	STERLING ILLINOIS	22	35,352	5	32,456	17	2,896	8.2%
366	FORREST ILLINOIS	16	49,801	7	46,292	9	3,509	7.0%
368	PEORIA ILLINOIS	31	90,450	9	76,377	22	14,073	15.6%
370	CHAMPAIGN ILLINOIS[2]	25	82,601	4	71,983	21	10,618	12.9%
374	SPRINGFIELD ILLINOIS	27	104,497	6	86,514	21	17,983	17.2%
376	QUINCY ILLINOIS	22	28,849	4	25,143	18	3,706	12.8%
520	ST LOUIS MISSOURI	34	119,832	10	99,246	24	20,586	17.2%
634	DAVENPORT IOWA	28	48,357	9	40,988	19	7,369	15.2%
976	MATTOON ILLINOIS	10		5		5		
977	MACOMB ILLINOIS	14	76,414*	8	75,472*	6	942*	1.2%*
978	OLNEY ILLINOIS	12		6		6		
	Statewide	101	3,248,600	49	2,532,172	52	716,428	22.1%

[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 figure for the Mattoon, Macomb, and Olney LATAs.

Table C4 - Retail POTS Provision Business Percentage by LATA
(December 31, 2004)

LATA	LATA Name	All LECs		ILECs		CLECs	
		% Res	% Bus	% Res	% Bus	% Res	% Bus
358	CHICAGO ILLINOIS	57.9%	42.1%	56.8%	43.2%	61.0%	39.0%
360	ROCKFORD ILLINOIS[1]	63.9%	36.1%	67.4%	32.6%	48.9%	51.1%
362	CAIRO ILLINOIS	68.6%	31.4%	68.9%	31.1%	59.9%	40.1%
364	STERLING ILLINOIS	67.5%	32.5%	67.9%	32.1%	62.3%	37.7%
366	FORREST ILLINOIS	64.3%	35.7%	65.9%	34.1%	7.7%	92.3%
368	PEORIA ILLINOIS	65.7%	34.3%	66.8%	33.2%	58.6%	41.4%
370	CHAMPAIGN ILLINOIS[2]	58.0%	42.0%	58.2%	41.8%	56.2%	43.8%
374	SPRINGFIELD ILLINOIS	57.6%	42.4%	56.5%	43.5%	62.3%	37.7%
376	QUINCY ILLINOIS	67.1%	32.9%	67.3%	32.7%	65.5%	34.5%
520	ST LOUIS MISSOURI	71.0%	29.0%	70.2%	29.8%	74.5%	25.5%
634	DAVENPORT IOWA	62.6%	37.4%	63.2%	36.8%	58.7%	41.3%
976	MATTOON ILLINOIS						
977	MACOMB ILLINOIS	68.7%*	31.3%*	68.9%*	31.1%*	41.2%*	58.8%*
978	OLNEY ILLINOIS						
	Statewide	59.9%	40.1%	59.6%	40.4%	61.1%	38.9%

[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 C5 - CLEC Retail POTS Provisioning Methods by LATA
(December 31, 2004)

LATA	LATA Name	Own Facilities			UNE-L			UNE-P			Resale		
		CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines
358	CHICAGO ILLINOIS	9	610,120	39.0%	11	204,077	13.1%	38	617,904	39.5%	23	131,201	8.4%
520	ST LOUIS MISSOURI	5	2,438	3.0%	4	8,366	10.4%	21	66,640	82.4%	11	3,384	4.2%
360	ROCKFORD ILLINOIS[1]	3			5			25			12		
362	CAIRO ILLINOIS	0			3			18			9		
364	STERLING ILLINOIS	3			0			19			11		
366	FORREST ILLINOIS	0			3			13			6		
368	PEORIA ILLINOIS	4			5			21			11		
370	CHAMPAIGN ILLINOIS[2]	3	3,660*	1.9%*	2	66,173*	33.7%*	26	108,866*	55.4%*	9	17,847*	9.1%*
374	SPRINGFIELD ILLINOIS	3			2			24			10		
376	QUINCY ILLINOIS	3			2			18			7		
634	DAVENPORT IOWA	3			2			19			9		
976	MATTOON ILLINOIS	0			0			4			4		
977	MACOMB ILLINOIS	0			0			3			5		
978	OLNEY ILLINOIS	0			0			6			5		
	Statewide	14	616,218	33.5%	15	278,616	15.1%	40	793,410	43.18%	28	152,433	8.3%

(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 all Illinois LATAs outside the Chicago and St. Louis LATAs.