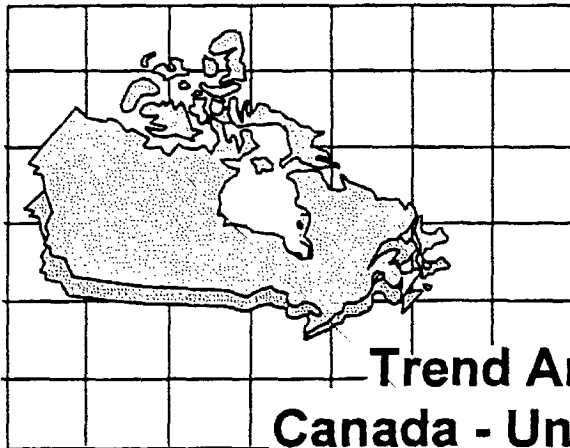


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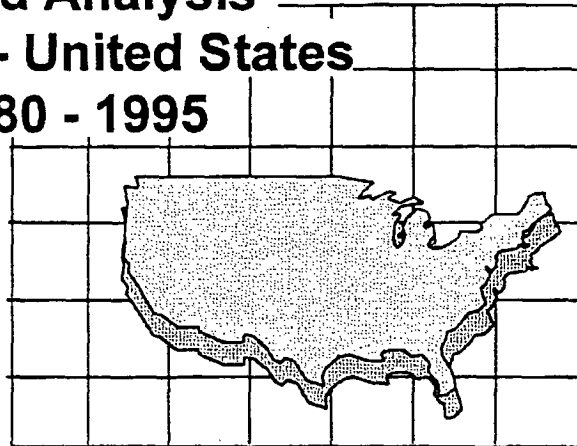
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## Service Industry



### Trend Analysis Canada - United States 1980 - 1995



January 1996

Spectrum, Information Technologies and Telecommunications Sector

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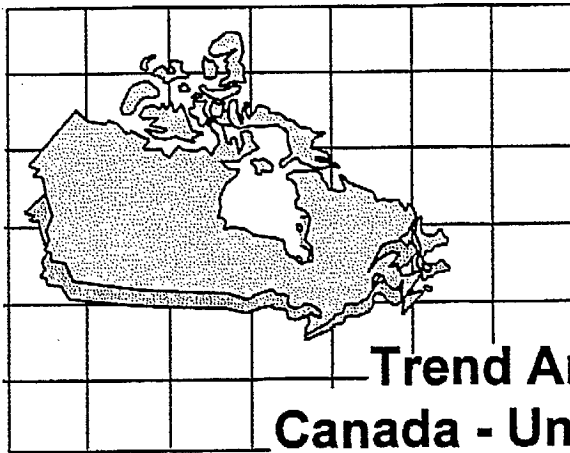
# The Telecommunications

## Service Industry

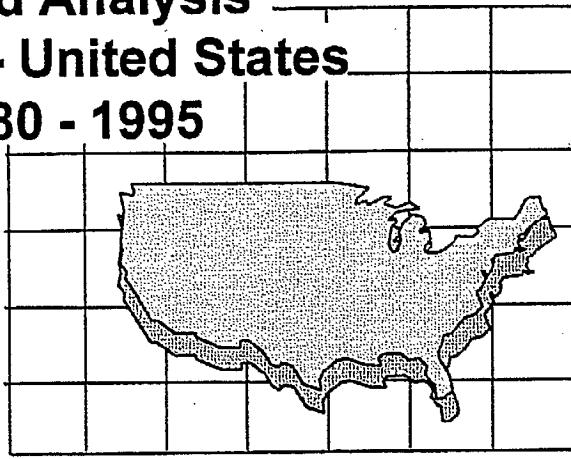
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**Trend Analysis**  
**Canada - United States**  
**1980 - 1995**



January 1996

Spectrum, Information Technologies and Telecommunications Sector



Industry Canada

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**Table of Contents**

	<b>Page</b>
Introduction .....	1
<b>Section 1: Market and Firm Size .....</b>	<b>2</b>
- World Market and Canada's Contribution .....	2
- Market Size in Canada .....	3
- Firm Size in Canada and U.S. ....	6
- Telecommunications Services .....	7
<b>Section 2: Regulatory Framework - Recent Developments .....</b>	<b>9</b>
<b>Section 3: Financial Performance .....</b>	<b>11</b>
- Trend of Key Players .....	11
Canadian Carriers - The Industry .....	11
Bell Canada .....	13
IXCs & Resellers .....	14
Radio Common Carriers - Wireless .....	15
- Rate of Return on Equity .....	16
- Impacts of Long-distance Competition .....	17
<b>Section 4: Other Financial Considerations .....</b>	<b>20</b>
- Research and Development (R&D) .....	20
Total Economy .....	20
Telecommunications Industry .....	21
- Investment .....	22
- Capital Expenditures .....	23

**Table of Contents (cont'd)**

	<b>Page</b>
<b>Section 5: Supply and Demand Analysis of Local and Long-Distance Services</b> .....	26
- Supply Side .....	26
Costs .....	26
Local telephone service .....	26
Long-distance telephone service .....	26
Price .....	27
Local Telephone Service .....	27
Long-distance Telephone Service .....	31
Stentor - AT&T (Regular Toll) .....	31
Stentor - RBOCs (Regular Toll) .....	31
Unitel (Discount Plans) .....	32
Sprint Canada (Discount Plans) .....	33
Contribution Charges .....	34
- Demand Side .....	35
Residential and Very Small Businesses .....	35
Small, Medium and Large Businesses .....	36
Choice of Service Providers .....	36
Use of Telecommunications Services .....	37
Role of Telecommunications Services for Business .....	38
<b>Section 6: Highlights of Findings</b> .....	39
<b>Appendix A: Stentor &amp; Mobility Canada</b>	
<b>B: BCE Inc.</b>	
<b>C: Other Canadian Service Providers</b>	
<b>D: U.S. Service Providers</b>	
<b>E: Glossary of Regulatory and Financial Terms</b>	

## **Introduction**

Industry Canada continuously monitors the regulatory and financial status of the telecommunications service industry. This report provides highlights of Industry Canada's current review of the performance of the industry, a summary of financial data on the telecommunications service industry and certain Canada - U.S. comparisons.

More specifically, the report on the telecommunications service industry is organized into six parts and deals with an analysis of the industry's: market and firm size; recent developments on its regulatory framework, financial performance; other financial considerations, including R&D, investment and capital expenditures; supply and demand analysis with comparison of the cost and price of local and long distance services in Canada and the United States. The trend analysis covers the period 1980 to 1995. In addition, the report provides an analysis of contribution charges. Highlights are provided in the last section of this report. Data at a more detailed level are provided in the appropriate Appendix.

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## **Section 1**

### **Market and Firm Size**

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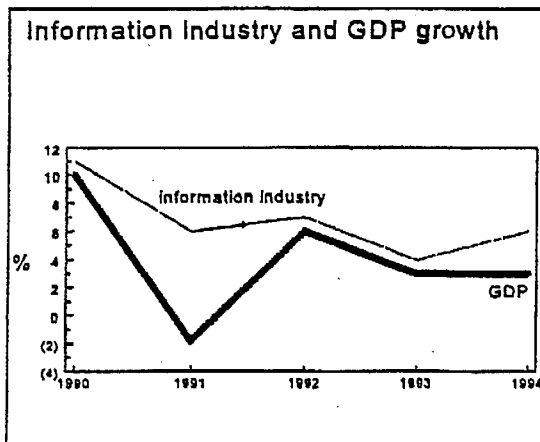
## Section 1: Market and Firm Size

### World Market and Canada's Contribution

- The world information industry consists of the telecommunications, computing and audio-visual industries which combined generated revenues of \$1.43 (\$US) trillion in 1994, equivalent to 5.9 per cent of the world's global domestic product. The world information industry is growing at almost twice the rate of the rest of the world economy thanks in part to continued demand in China and the rest of the Asia-Pacific region. This trend is also true for both Canada and the United States.

**Figure 1**

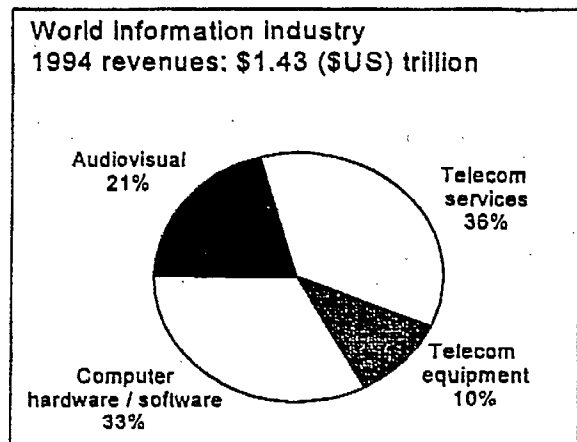
**The global information industry**  
Information industry and GDP growth, world, 1990-94



Source: ITU, OMSYC

**Figure 2**

**The global information industry**  
Information industry revenues, world

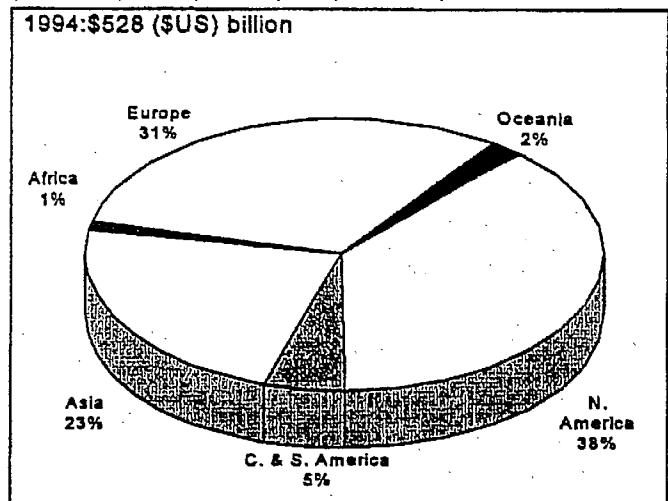


Source: ITU, OMSYC

- The telecommunications service market world-wide was worth an estimated \$528 (\$US) billion in 1994, accounted for 36 per cent of the world information industry, and grew 7.8 per cent between 1993 and 1994.
- In 1994, the United States generated 90.2 per cent of the \$201 (\$US) billion North American market. Canada accounted for 5.5 per cent, or \$11 (\$US) billion, of the market and Mexico for 4.3 per cent. Thus, Canada's market for telecommunications services compared to the United States is proportionately much smaller than the general 10:1 economic ratio.

**Figure 3**

**World Telecommunications services revenue**  
Distribution by region  
(Public Telephone Operators (PTOs) Revenues)



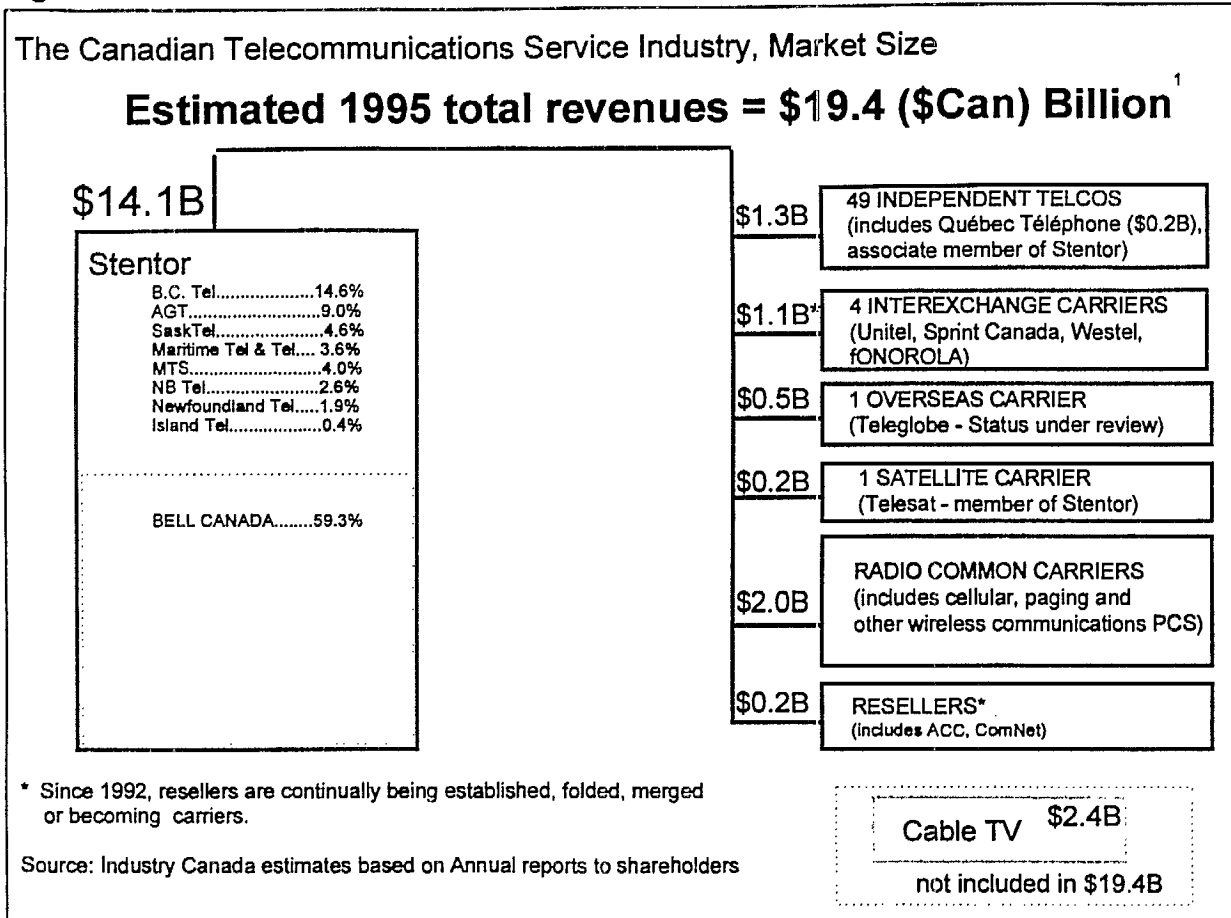
Source: ITU World Telecommunications Indicators Database



**Market Size in Canada**

- Within the telecommunications service industry, the association of major telephone companies across Canada, referred to as Stentor, had revenues of \$13.6 (\$Can) billion and the other telephone companies an additional \$1.2 (\$Can) billion in 1994.\* Similarly in 1995, Stentor had revenues of \$14.1 (\$Can) billion and the other telephone companies had \$1.3 (\$Can) billion, based on Industry Canada's estimates for 1995. Stentor accounts for 73 per cent of all telecommunications service revenues, estimated at \$19.4 (\$Can) billion.<sup>1</sup> The total market size has grown from \$17.4 (\$Can) billion to \$18.3 (\$Can) billion and to an estimated \$19.4 (\$Can) billion from 1993 to 1995.

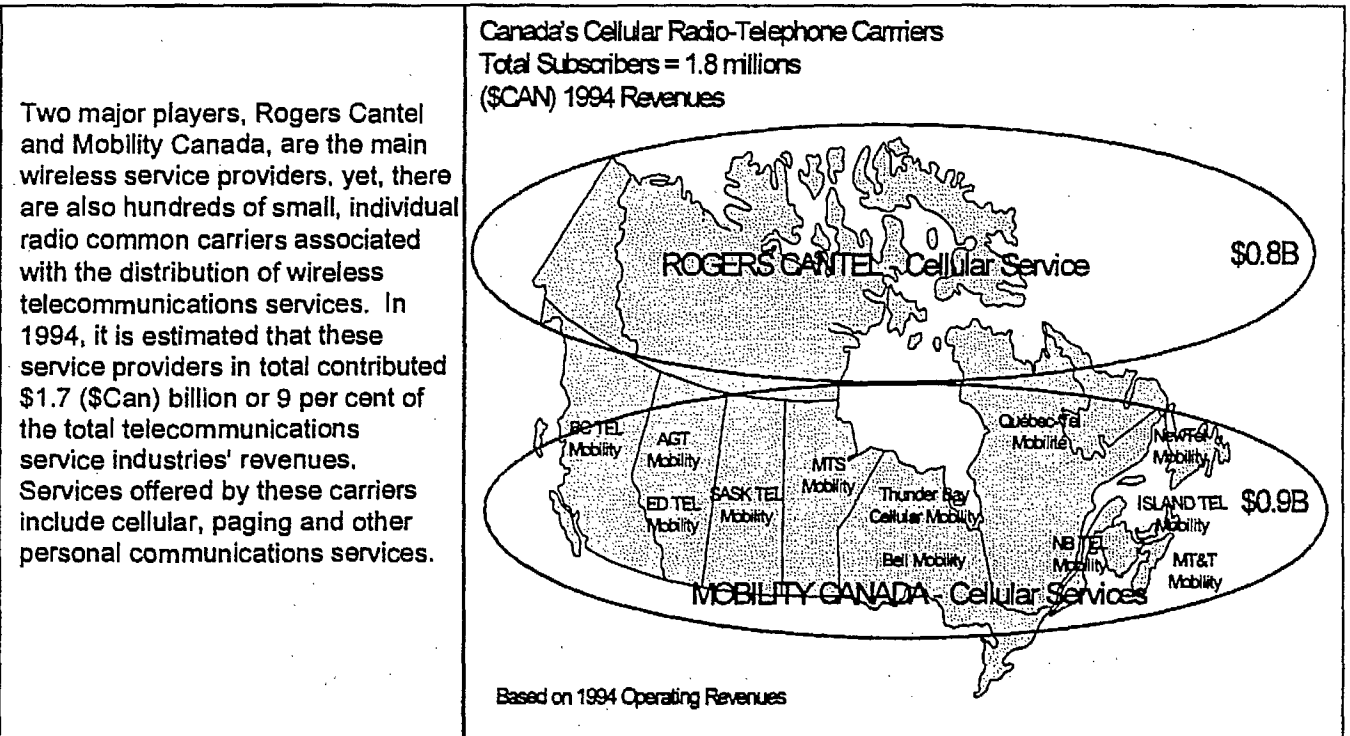
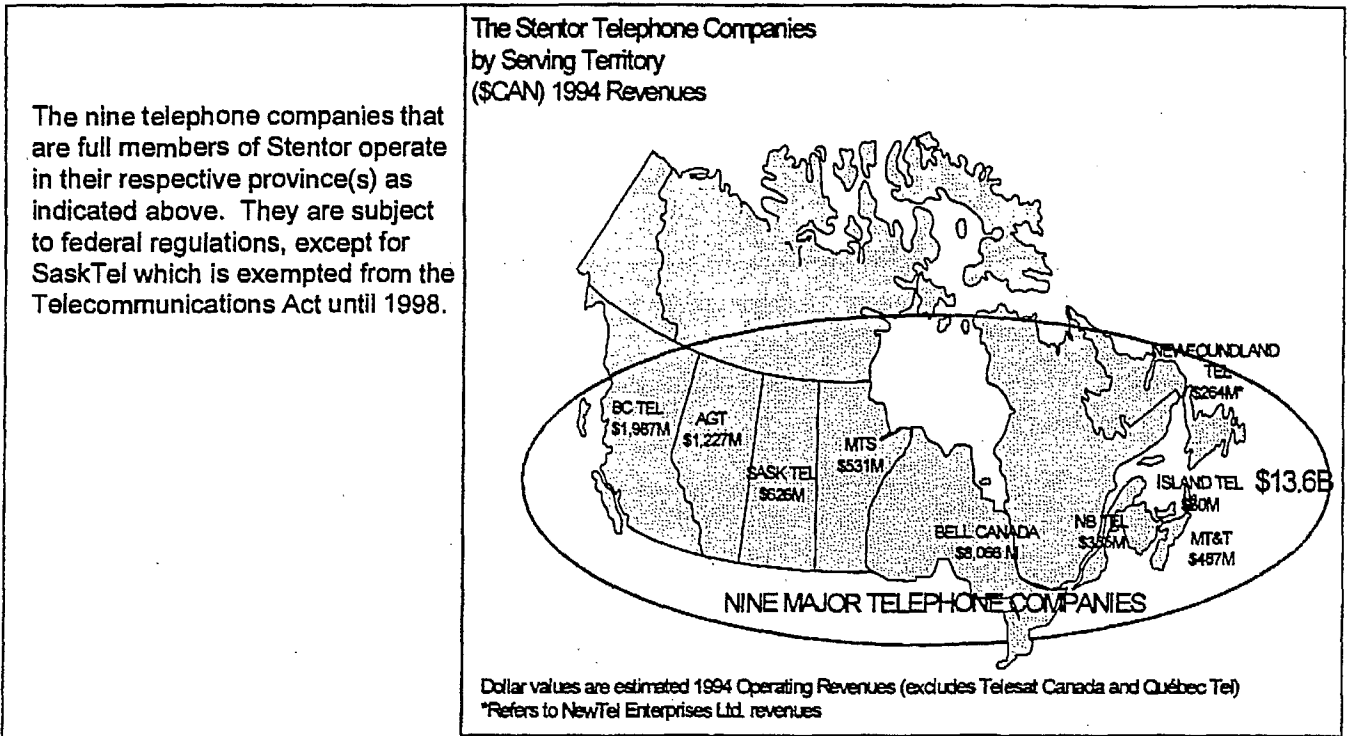
**Figure 4**



<sup>1</sup> Certain comparisons with those in the United States are provided in the report. Data at a more detailed level are provided in Appendix D. Telesat Canada is a member of Stentor but not a telephone company. Québec Téléphone is an associate member of Stentor and considered an independent telephone company.

\* In total the Canadian telephone companies (PTO's) generated \$15.0 (\$Can) billion or \$11 (\$US) billion in 1994.

Figure 5



- As in the United States, most of the growth in Canada in the 1990s came from the long-distance competitors, also referred to as interexchange carriers (IXCs) and from the radio common carriers or wireless communications providers.

**Table 1**

The Canadian Telecommunications Service Industry, Market Size (based on total operating revenues)					
Key Players	1993	1994	Estimated 1995 (see notes)	Percent of Total 1995	Est. growth % Change 94/95
	\$	\$	\$	%	%
	(\$Can) billions				
Stentor	13.5	13.6	14.1	73	4%
Independent Telephone Companies	1.1	1.2	1.3	7	4%
Interexchange Carriers	0.6	1.0	1.1	6	10%
Overseas Carrier	0.4	0.4	0.5	2	5%
Satellite Carrier	0.2	0.2	0.2	1	3%
Radio Common Carriers	1.4	1.7	2.0	10	15%
Resellers	0.2	0.2	0.2	1	7%
<b>Total Market Size</b>	<b>\$17.4</b>	<b>\$18.3</b>	<b>\$19.4</b>	<b>100%</b>	<b>6%</b>
<b>Cable TV *</b>	<b>\$2.2</b>	<b>\$2.3</b>	<b>\$2.4</b>	<b>100%</b>	<b>6%</b>
<b>Notes:</b> - The year-end 1995 annual reports to shareholders of the key players are expected to be publicly released in March 1996. - Growth rates will be less than in previous years for all key players. - Cable TV revenues are not included in the \$19.4B.					
Source: Industry Canada, estimates based on annual reports to shareholders					

**Firm Size in Canada and U.S.**

- A comparison of the size of the major individual telecommunications service providers with those in the United States indicates that most Canadian telecommunications service providers are much smaller than the general 10:1 economic ratio. Even Bell Canada, Canada's largest carrier, is smaller than most major carriers in the United States.

**Table 2**

Stentor Telephone Companies and Selected Long-Distance Service Providers* 1993 - 1994 Comparison		
	1993	1994
	(\$Can)	(\$Can)
	(in millions)	
AGT	1,167	1,227
B.C. TEL	1,966	1,987
Bell Canada	7,957	8,066
MTS	539	531
MT&T and Island Tel	545	547
NBTel	355	355
Newfoundland Tel	275	264
SaskTel**	556	626
Quebec Tel**	243	251
Telesat Canada**	200	208
<b>Total Stentor</b>	<b>\$13,803</b>	<b>\$14,062</b>
Unitel, Sprint Canada and Other Long-distance service providers		
<b>Total Ds</b>	<b>\$600</b>	<b>\$1,284</b>

\* Does not include all telecom service providers  
 \*\* Decision 95-21 does not apply to Québec Tél, Telesat Canada, or Sask Tel

Source: Industry Canada, Annual reports to shareholders

**Table 3**

Regional Bell Operating Companies (RBOCs) and Selected Long-Distance Service Providers* 1993 - 1994 Comparison				
	1993		1994	
	(\$Can)	(\$US)	(\$Can)	(\$US)
	(in millions)			
Bell South	20,989	15,880	23,613	16,845
Bell Atlantic	17,169	12,990	19,332	13,791
Nynex	17,721	13,408	18,654	13,307
Ameritech	15,477	11,710	17,619	12,569
US West	13,606	10,294	15,354	10,953
Pacific Telesis	12,218	9,244	12,946	9,235
Southwestern Bell	14,129	10,690	11,712	8,355
<b>Total RBOCs</b>	<b>\$111,308</b>	<b>\$84,216</b>	<b>\$119,230</b>	<b>\$85,055</b>
AT&T	52,686	39,862	62,520	44,600
Sprint US	15,756	11,921	18,696	13,337
MCI	8,115	6,140	9,539	6,805
Others	13,097	9,909	16,979	12,112
<b>Total Ds</b>	<b>\$89,654</b>	<b>\$67,832</b>	<b>\$107,734</b>	<b>\$76,854</b>

\* Does not include all telecom service providers  
 Exchange rate = 1.3217 end of 1993  
 1.4018 end of 1994

Source: FCC, Annual reports to shareholders

- There are many more telecommunications service providers than those noted above in both Canada and the United States. For example, Canada has 50 independent telephone companies, one of the largest being Québec-Tél, an associate member of Stentor. The independent telephone companies had total revenues of \$1.2 (\$Can) billion in 1994. The size of these independent telephone companies varies. In addition there is Telelobe and over 100 radio common carriers. More than a thousand additional telecommunications service providers operate in the United States. They also vary in size.<sup>2</sup>

<sup>2</sup> Details on U.S. service providers are provided in Appendix D.

- Comparisons of the size of the telecommunications service providers operating in Canada and in the United States must take into account that not all the companies provide the same telecommunications services. For example, the Stentor telephone companies can provide local, intra-province and inter-provincial long-distance services. AT&T in the United States does not provide basic local telephone services. The Regional Bell Operating Companies provide basic local telephone service and limited intra-state and inter-state long-distance services.

**Telecommunications Services**

- Certain telephone companies in both Canada and the United States consistently provide a breakdown of their local and long-distance service revenues.<sup>3</sup> For other companies, the split needs to be estimated. Generally, between 1984 and 1994 revenues grew for both local and long-distance services and the ratio of local and long-distance revenues to total revenues varied by company. A summary of the "average" local and long-distance revenues for the Stentor member telephone companies and a further breakdown for Bell Canada is provided below.
- On average local revenues of the Stentor telephone companies increased from \$4.1 (\$Can) billion in 1984 to \$7.8 (\$Can) billion in 1994.

**Table 4**

Estimation of Canadian Local and Long-distance Revenues, Market Size (based on Stentor member companies' data)								
Year	Estimated for Total Stentor (see notes)				Bell Canada			
	Total Revenues Average	All Local Services	All Long Distance Services		Total Revenues	All Local Services	All Long-Distance Services	
				(Toll) Ratio				(Toll) Ratio
	\$	\$	\$	%	\$	\$	\$	%
	current (\$Can) billions							
1984	8.9	4.1	4.8	54.3	5.1	2.5	2.6	50.5
1985	9.6	4.3	5.3	55.4	5.6	2.7	2.9	51.9
1986	10.2	4.2	6.0	58.7	5.9	2.8	3.2	53.6
1987	10.7	4.9	5.8	53.9	6.2	3.2	3.0	48.9
1988	11.2	5.1	6.1	54.1	6.4	3.2	3.1	49.1
1989	12.2	5.7	6.5	53.4	7.0	3.6	3.4	48.5
1990	12.8	6.0	6.8	53.3	7.3	3.8	3.6	48.7
1991	13.2	6.3	6.9	52.0	7.7	4.0	3.7	48.4
1992	13.7	6.9	6.8	49.7	7.9	4.2	3.7	47.1
1993	13.8	7.3	6.5	47.1	8.0	4.5	3.5	43.7
1994	14.1	7.8	6.2	44.4	8.1	4.8	3.3	40.6

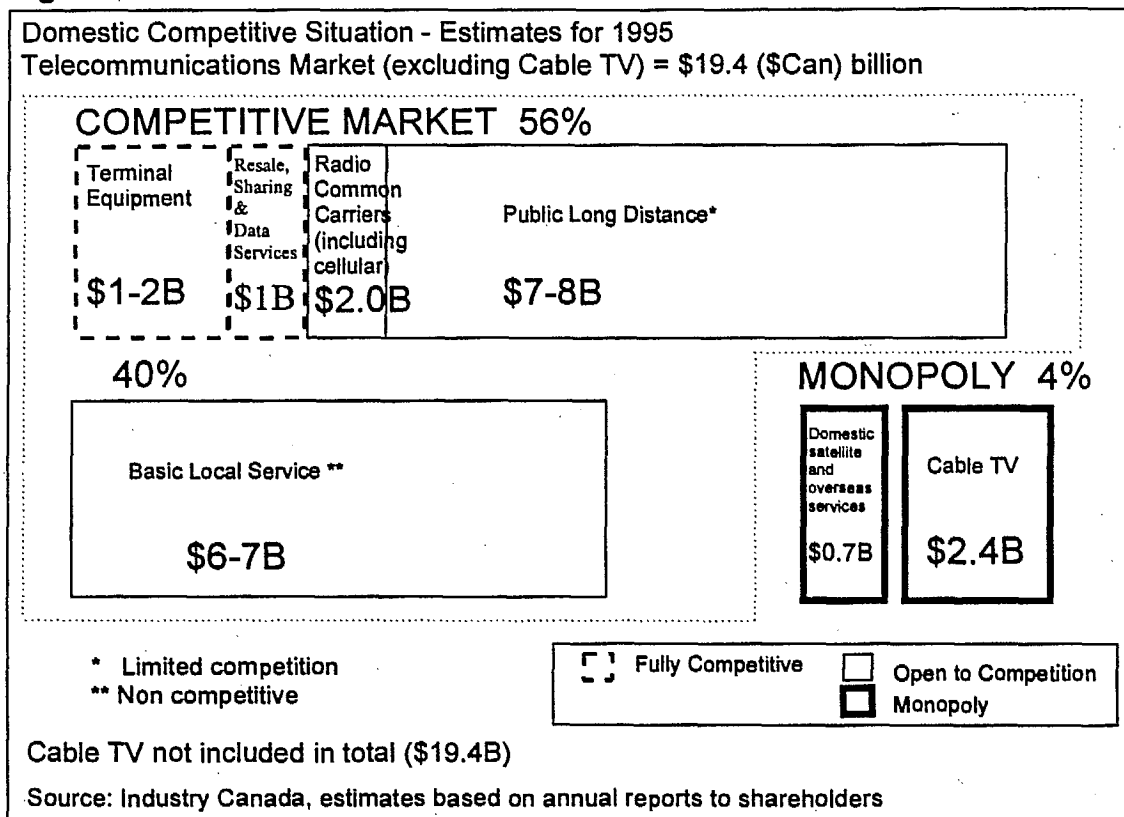
Notes:  
 1) Includes Telesat Canada and Québec Tél revenues  
 2) Adjustments in the data are required to take account of other market segments that generate additional local and long-distance revenues. In addition, Local/Long distance revenues are not consistently reported separately by all telecommunications service providers.  
 3) Stentor has not yet released "average" forecasts for the year 1995.

Source: Stentor Telephone Companies, annual reports to shareholders

<sup>3</sup>Data on the local and long-distance revenues of U.S. service providers are provided in Appendix D.

- The "average" total long-distance revenues of the Stentor member companies increased from \$4.8 (\$Can) billion in 1984 to \$6.2 (\$Can) billion in 1994. However, since 1992 when competition was introduced, there was a decline in their long-distance revenues.
- Another way to measure the size of the total local market in both Canada and the United States is to exclude revenues of those local services that are offered by competitors.<sup>4</sup> The size of the local market would then decrease considerably as revenues derived from the lease or sale of telephones, other terminal equipment and optional services would be excluded.
- The total Canadian basic local telephone service market, excluding terminal equipment and optional services, was between \$6 - 7 (\$Can) billion in 1995.

Figure 6



- Only four per cent of the total telecommunications service industry has not been permitted to have some form of competition in 1995. The four per cent refers to the provision of fixed domestic satellite and overseas service which continued to be offered on a monopoly basis in 1995. However, limited resale in these markets are permitted.

<sup>4</sup>Ibid.

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## Section 2

### Regulatory Framework - Recent Developments

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## **Section 2: Regulatory Framework - Recent Developments**

### **Canada:**

- In September 1994, the CRTC issued Decision 94-19 which set out a new regulatory framework for the telephone companies in an age of competition, convergence and globalization.
- The decision was in response to the policy objectives contained in the Telecommunications Act, specifically the policy to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective. Major decisions contained in Decision 94-19 were re-affirmed in the more recent CRTC Decision 95-21.
- Highlights of the regulatory framework for telephone companies are:
  - opening the local market to competition;
  - adopting a program (referred to as rate rebalancing) to bring basic local telephone service and long-distance telephone prices in line with their costs;
  - the introduction of regulatory safeguards including;
  - the splitting of each of the major telephone company's rate base into Competitive and Utility (monopoly) segments; and
  - the adoption of price cap regulation for the Utility segment in 1998.
- In December 1995, the government varied Decision 95-21 to de-link mandated long-distance rate decreases from basic local telephone service rate increases, on the grounds that regulated pricing within a competitive market is not appropriate. The government also cited the need for investment and stability in the telecommunications market which will enhance innovation and economic growth in Canada.
- It is expected that these regulatory changes will provide greater incentive to all telecommunications service providers to offer innovative new services, including local service which is presently offered on a monopoly basis by the telephone companies. The CRTC will also continue to consider changes which lessen regulation especially for services in the competitive segment. A major public proceeding is underway to consider the implementation of local competition.
- Canada passed its Telecommunications Act in 1993 and is well advanced in its regulatory framework to implement the changes.



**United States:**

- In October 1995, recognizing a decade of enormous change in this market, the Federal Communications Commission (FCC) found that AT&T lacks market power in the interstate, domestic, interexchange telecommunications market. It, therefore, concluded that continued regulation of AT&T as a dominant carrier is no longer appropriate.
- As non-dominant carrier AT&T will be subject to the same regulatory regime as its long-distance competitors and will have greater incentive to cut its prices and offer innovative new services. AT&T will no longer be subject to the price cap regulation, will be able to file tariffs that are presumed lawful on one day's notice, will no longer have to file cost support data and will be relieved of certain annual reporting requirements.
- In the United States state regulators in a small but growing number of states are promoting competition in local services.
- The U.S. Federal legislation is expected to harmonize and expand competition by allowing the Regional Bell Operating Companies (RBOCs), AT&T and other long-distance service providers to compete in each other's markets.
- More recently, the U.S. Congress passed the Telecommunications Act of 1996 on February 1, by a vote of 414 to 16 in the House of Representatives and of 91 to 5 in the Senate. The President's signature is expected shortly.
- The new legislation is the most comprehensive overhaul telecommunications law since the 1934 Communications Act. Its measures dismantle the legal regime for telecommunications services imposed by the U.S. Courts to expand competition and introduce new services.
- The most important changes in the legislation concern the liberalization of the provision of local services, long distance service and video programming, namely:
  - allowing competition in the provision of local service and ending the monopoly of the RBOCs;
  - allowing competition to use the lines and services of the RBOCs which must provide competitors interconnection, equal access and dialling parity;
  - opening new lines of business to the RBOCs through their entry into long-distance equipment and manufacturing once local competition is in place;
  - allowing telephone companies to offer video programming;
  - easing cross-ownership between cable and telephone companies and other mass media, and reducing cable regulation;
  - measures to promote/protect universal service.
- Change will not, however, happen overnight since the FCC must now produce the regulatory framework to implement the changes.

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**Section 3**

Financial Performance

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### Section 3: Financial Performance

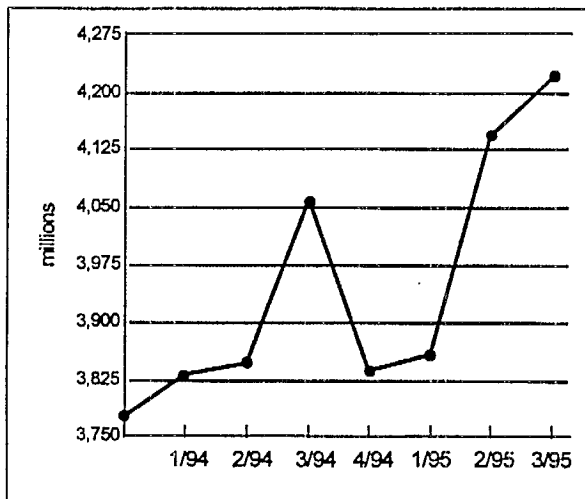
#### Trend of Key Players

##### Canadian Carriers - The Industry

- The general trend has been, between 1994 and 1995, an increase in operating revenues but a decrease in operating profits.
- Other selected indicators show a general downward trend in the financial performance of the industry as compared to 1994.
- The financial impacts of the implementation of the new telecommunications regulatory framework for Canada's Stentor telephone companies and their competitors, specifically rate rebalancing, will be reflected in their 1996 and future financial results.
- While consumers have benefited from competition, not all business and residential users are taking advantage of the increased choice in service providers and services.

**Figure 7**

Telecom Carriers - Telecom Service Industry  
Operating revenues



Source: Statistics Canada

**Figure 8**

Telecom Carriers - Telecom Service Industry  
Operating profits

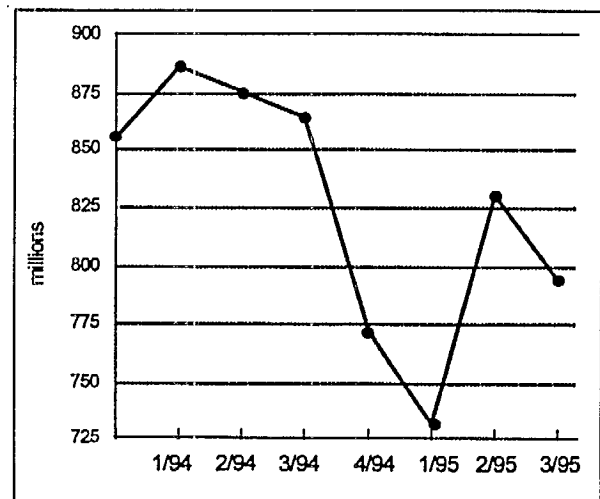


Table 5

Highlights of Financial Results*								
Telecommunications Carriers - Telecommunications Service Industry								
	1993	1994				1995		
	IV	I	II	III	IV	I	II	III
millions								
Income statement (s.a.)								
Operating revenues	3,775	3,831	3,847	4,059	3,837	3,857	4,143	4,221
Operating expenses	2,920	2,945	2,971	3,195	3,065	3,125	3,313	3,427
Operating profit	855	886	876	864	772	732	830	794
Net profit	22	357	317	342	256	219	243	261
Balance sheet								
Assets	37,775	38,000	38,302	38,301	38,772	38,455	39,342	39,583
Liabilities	21,971	22,077	22,294	22,186	22,748	22,581	23,610	23,898
Equity	15,804	15,922	16,008	16,115	16,024	15,874	15,733	15,685
Share capital	10,827	10,950	11,088	11,184	11,290	11,227	11,175	11,208
Retained earnings	3,649	3,645	3,634	3,641	3,448	3,360	3,271	3,188
Analytical table - tableau analytique								
Rates of change (%)								
Operating revenues	1.1	1.5	0.4	5.5	-5.5	0.5	7.4	1.9
Operating expenses	1.7	0.9	0.9	7.5	-4.1	2.0	6.0	3.4
Assets	2.7	0.6	0.8	0.0	1.2	-0.8	2.3	0.6
Liabilities	6.4	0.5	1.0	-0.5	2.5	-0.7	4.6	1.2
Selected indicators								
Return on capital (%)	2.95	6.54	6.24	6.50	5.45	5.03	5.54	5.55
Return on equity (%)	0.57	8.99	7.93	8.50	6.34	5.52	6.18	6.67
Profit margin (%)	22.64	23.14	22.78	21.29	20.11	18.98	20.03	18.80
Debt to equity	0.961	0.973	0.981	0.973	0.986	0.988	1.061	1.076
Working capital ratio	0.410	0.389	0.417	0.420	0.430	0.428	0.478	0.531
Quick ratio	0.355	0.346	0.375	0.380	0.393	0.387	0.428	0.480
Comparative indicators								
Operating revenues	-1.2	-2.0	-3.2	2.5	-7.1	-1.5	8.2	1.3
Profit margin	18.0	17.9	17.2	15.3	13.4	12.4	13.3	11.9
* Definitions to calculate the financial indicators are provided in Appendix E.								
The third quarter 1995 financial indicators are the latest available information on the performance of Canada's telecommunications industry. The data, however, exclude the performance of Canada's wireless communications carriers and resellers.								
Source: Statistics Canada								

Bell Canada

Table 6

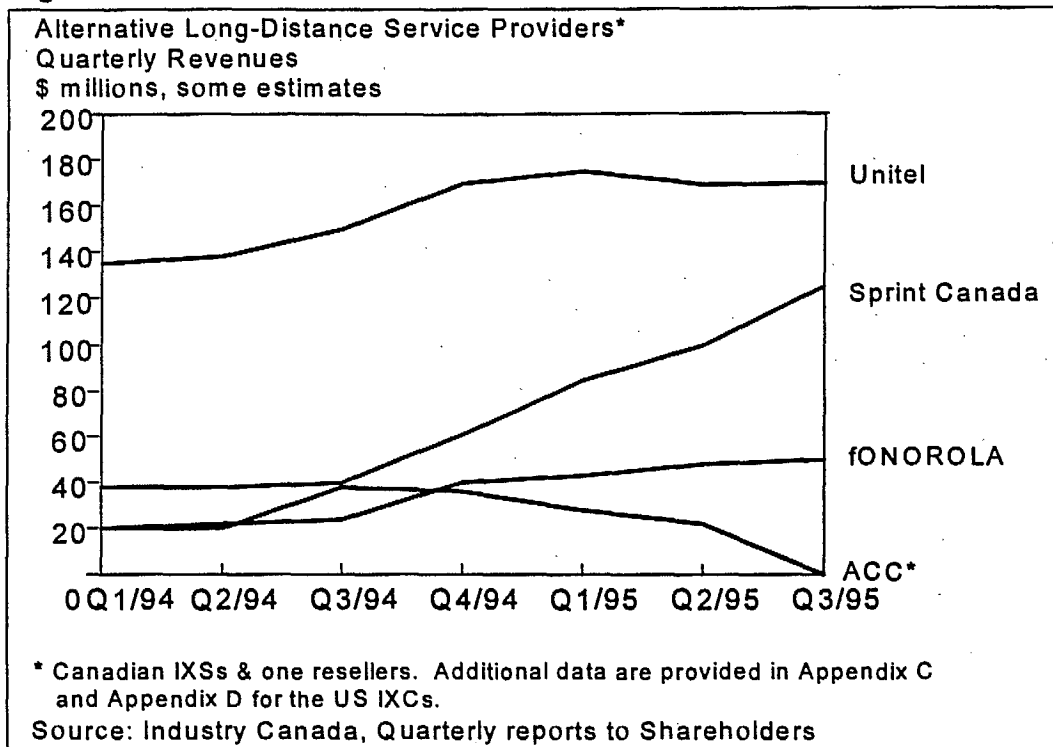
- Consolidated Bell Canada data indicate that, after a decline in operating revenues in the first 3 quarters of 1995 as compared to the same period last year, revenues increased in the fourth quarter.
- Profit margins have remained about 20 per cent in each quarter of 1995.
- Return on capital and working capital ratio have remained relatively stable in the first three quarters of 1995.
- The debt to equity ratio increased slightly in the first three quarters of 1995.
- Some of the improvements in Bell Canada's performance in the last quarter of 1995 could be attributed to a combination of its cost cutting measures.

Highlights of financial results* Bell Canada for 1995				
Financial Performance	Bell Canada (Consolidated)			
	1995 (\$Can) millions			
	I	II	III	IV
<b>INCOME STATEMENT</b>				
Operating Revenue	1,953	2,022	2,055	2,153
Operating Expense	1,543	1,574	1,582	1,683
Operating Profit	410	448	473	470
Net Profit	128	138	148	153
<b>BALANCE SHEET</b>				
Assets	18,825	18,821	18,742	na
Liabilities	10,231	10,442	10,435	na
Equity (Common + Pref)	8,594	8,379	8,307	na
Share capital (Common)	5,201	5,201	5,201	na
Retained Earnings	2,408	2,319	2,246	na
<b>RATES OF CHANGE</b>				
Operating Revenue	-2.7	3.5	1.6	4.8
Operating Expense	0.1	2.0	0.5	6.4
Assets	-0.4	0.0	-0.4	na
Liabilities	0.2	2.1	-0.1	na
<b>SELECTED INDICATORS</b>				
Return on Capital	7.54	7.85	8.3	na
Return Equity	5.96	6.59	7.13	na
Profit Margin	20.99	22.16	23.02	21.83
Debt to Equity	0.765	0.805	0.81	na
Working Capital Ratio	0.599	0.55	0.632	na
Quick Ratio	na	na	na	na
<p>* Data presented use the Statistics Canada definitions to calculate its quarterly financial indicators on the telecommunications carriers. Definitions are provided in Appendix E.</p> <p>- On January 24, 1996 BCE Inc. released highlights of its year-end 1995 financial performance, including those related to Bell Canada.</p> <p>- Bell Canada, 100% owned by BCE Inc., continues to be a major contributor to the overall performance of BCE Inc. and to the overall performance of the telecommunications service industry. Additional information on BCE Inc. is provided in Appendix B. Similar financial data for U.S. carriers are provided in Appendix D.</p>				
Source: Bell Canada				

*IXCs & Resellers*

- Certain alternative long-distance service providers, such as Unitel and most resellers, have not yet reported positive net profits or return on earnings associated with public long-distance services.<sup>5</sup>
- Unitel has changed its corporate and financial structure and has undergone a transfer of ownership which was concluded in January 1996.<sup>6</sup> The additional capital acquired from this change, together with the new ownership structure, solidifies Unitel's position as the leading alternative telecommunications carrier to the Stentor companies.
- Sprint Canada's performance improving and it has entered the wireless communications market.
- fONOROLA, previously a reseller and now a carrier, is also performing better.

**Figure 9**



<sup>5</sup>The number of resellers in Canada was 80 in 1993 and 200 in 1994. There are only four resellers which have any significant market share. These are ACC Long-distance Corp., London Telecom, DistribuTel and Cam Net. The total resale market accounted for \$0.2 billion in 1995. In 1995, the customer base of INSINC and STN were folded into that of Sprint Canada. Similarly, NorthQuest, Optinet and Tel Route into fONOROLA and Metrowide into ACC.

<sup>6</sup>Under the proposed new structure, the voting shares of the holding company, Unitel Communications Holdings Inc., will be held by AT&T Canada (33%), the Bank of Nova Scotia (28%), the Toronto-Dominion Bank (23%) and the Royal Bank of Canada (16%). The ownership structure will have to comply with the limitations on foreign ownership and control permitted under Canadian law. The new shareholders have agreed to provide \$250 million to the company. In addition, AT&T has agreed to provide consulting services and licenses to use the AT&T brand name under long-term contracts.

Radio Common Carriers - Wireless

- The estimated \$2 (\$Can) billion wireless communications market had better growth than of the other telecommunications carriers in the last three years. Industry Canada estimates that growth in this market will be 15 per cent in 1995.
- Bell Mobility, a member of Mobility Canada, had quarterly growth in its total revenues of over 25 per cent in 1995.

**Table 7**

Highlights of Bell Mobility (Consolidated) Financial Performance (\$Can) millions						
Condensed Statements of Income	Three months ended Sept. 30			Nine months ended Sept. 30		
	1994	1995	growth 94/95	1994	1995	growth 94/95
	\$	\$	%	\$	\$	%
Revenues						
Cellular paging	130	163	26%	354	449	27%
Paging, data & airline passenger	15	19	23%	43	52	22%
Product sales & other	25	34	38%	67	77	16%
Total Revenues	170	216	27%	464	578	25%
Net Income	12.1	15.6	29%	27.6	38.2	38%

Source: Bell Mobility. BCE Mobile Inc.

**Rate of Return on Equity**

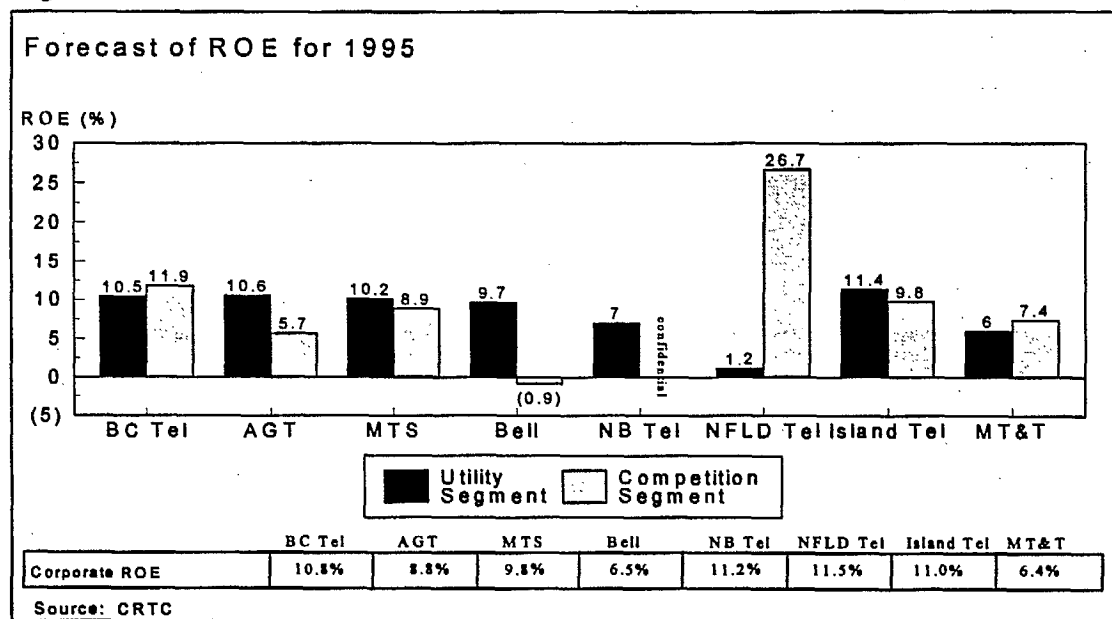
- Starting with the year-end 1995 financial statements prepared for regulatory requirements, only the Utility segment will need to meet the CRTC approved range for the rate of return on common equity (ROE).<sup>7</sup>
- For Bell Canada, the forecasted 9.7 per cent ROE of its Utility segment will be compared to the allowable range of 10.0 per cent and 12.0 per cent.
- The Competitive segment is no longer subject to earnings regulation. Shareholders will thus bear the risk associated with the Competitive segment. For Bell Canada, shareholders will need to absorb the forecasted - 0.9 per cent associated with Competition segment.
- The CRTC approved 1995 allowable ranges of the ROE for the Utility segment for certain Stentor telephone companies are below their forecasted 1995 corporate ROE.

**Table 8**

Approved Rate of Return on Common Equity (ROE) by Telephone Company 1995	
Telephone Company	Utility Segment Allowance Range for ROE for 1995
BC Tel	10.25% to 12.25%
AGT	10.25% to 12.25%
MTS	10.88% to 12.88%
Bell Canada	10.0% to 12.0%
NB Tel	10.5% to 12.5%
Newfoundland Tel	11.0% to 13.0%
Island Tel	10.5% to 12.5%
MT&T	10.25% to 12.25%

Source: CRTC, Telecom Decisions CRTC 94-19 and 95-21

**Figure 10**

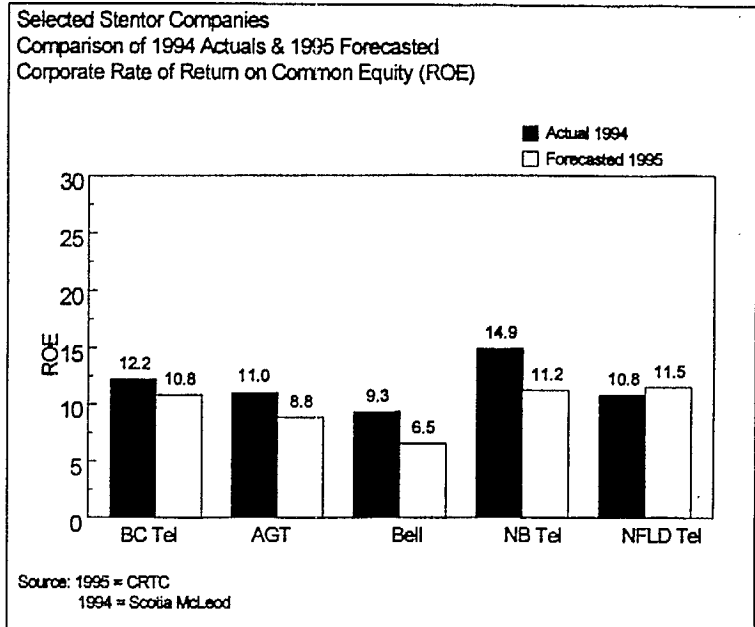


<sup>7</sup>See CRTC Telecom Decision 95-21. ROE for U.S. carriers can be calculated from the data provided in Appendix D.



- The privately-held Stentor telephone companies in total earned \$2.3 (\$Can) billion in 1994. The corporate ROE ranged from 9.3 per cent for Bell Canada to 14.9 per cent for New Brunswick Tel in 1994. Based on the 1995 corporate ROE alone, Bell Canada's financial position in 1995 has declined.

**Figure 11**

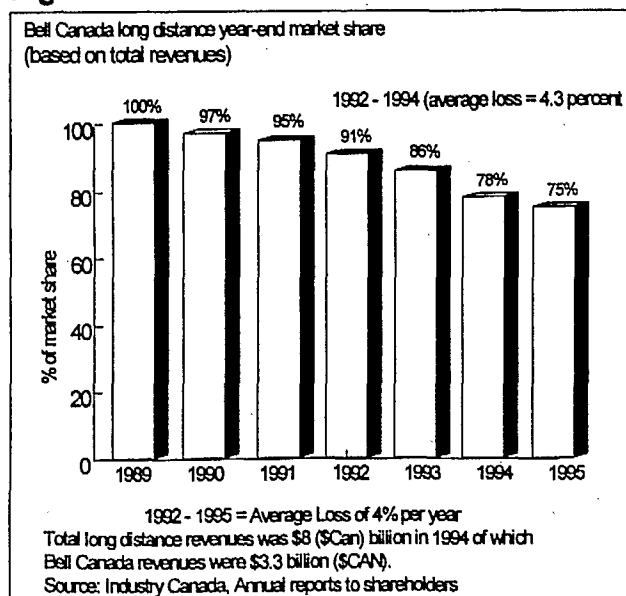


### Impacts of Long-Distance Competition

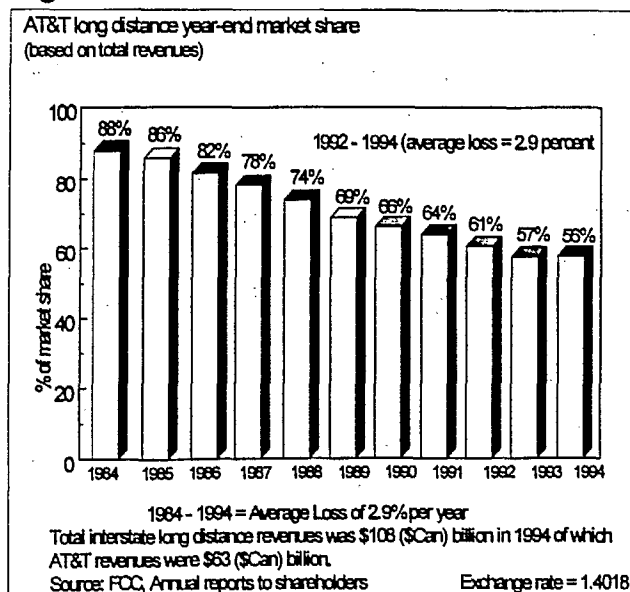
- Lower net profit of the telecommunications industry, excluding wireless communications carriers, could be attributed to the more rapid speed with which long-distance competition developed as opposed to that initially planned. In addition, more long-distance service providers entered the market than was envisaged in 1992. As noted previously, many of the resellers are no longer in the market but some are finding niche markets and Unitel, Sprint Canada and FONOROLA appear to be on the way to becoming significant contenders to the telephone companies in the long-distance market.
- The claim that the speed of the introduction of long-distance competition was indeed faster than in the United States can be in part substantiated by the fact that the Stentor telephone companies', specifically Bell Canada's market share, has decreased faster than did AT&T's in the United States.
- Bell Canada's market loss averaged 4.3 per cent per year from 1992 to 1994. AT&T's market loss averaged 2.9 per cent per year from 1984 to 1994.<sup>8</sup>

<sup>8</sup> Competition in public long-distance voice services was first introduced in Canada in 1992. By contrast, long-distance competition was introduced in the United States in 1984. More detailed data on U.S. IXC's market shares are provided in Appendix D.

**Figure 12**



**Figure 13\***



- All telecommunications service providers in Canada, hoping to gain or retain the largest market share possible, aggressively reduced the price of their long-distance services, at times to prices lower than those in the United States. This is explained in Part 5 of the report.
- Those that have acknowledged some financial difficulties are implementing measures to improve their financial performance. As of early 1995, Bell Canada is implementing a three year transition plan which continues spending on sales and marketing in order to gain revenues or in some cases retain market share and reduce costs elsewhere in the company.
- Some telecommunications service providers experienced financial difficulty in adjusting to the need for additional investment to meet increased competition in the market.
- Those that did not seem to be making progress in adjusting have been subject to a lowering in their debt ratings.

\* Additional data for U.S. IXCs are provided in Appendix D.

- More specifically, lower ROEs for certain Canadian telecommunications service providers, especially as compared to those presently enjoyed by similar service providers in the United States, have resulted.<sup>9</sup>
- The debt ratings for the Stentor companies were downgraded in 1994 with the advent of greater competition in the telecommunications service industry and again after Decision 95-21. However, all the companies remain at least "A" rated as noted below and compare favourably to those of their Canadian competitors.

Figure 14

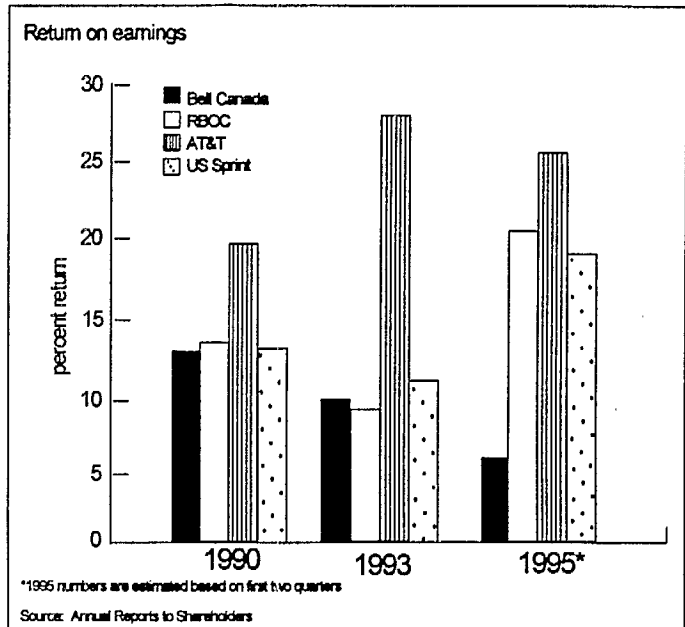


Table 9

Actuals for 1994 Selected Stentor Companies (\$Can) millions						
		BC Tel	AGT	Bell	NB Tel	NFLD Tel
Debt Rating	CBRS	A+ (low)	A	A (high)	A+ (low)	A
	DBRS	A (high)	A (high)	A (high)	A	A (low)

Québec Tél, also a Stentor telephone company, has CBRS debt rating of A (high) and DBRS debt rating of A (low). Decision 95-21 does not apply to Québec Tél.

Source: Scotia McLeod Report

<sup>9</sup>The corporate ROE of Bell Canada and most other Stentor telephone company is declining, while those of similar telecommunications carriers in the United States are generally performing better. Additional data on U.S. service providers are provided in Appendix D.

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## Section 4

### Other Financial Considerations

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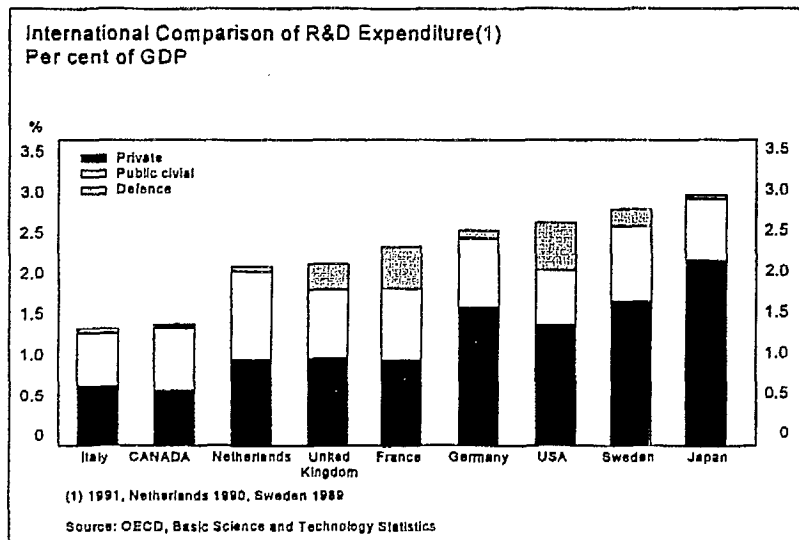
## Section 4: Other Financial Considerations

### Research & Development (R&D)

#### Total Economy

- There is a widely held view that the Canadian industry suffers from an “innovation gap” compared to other developed countries. According to the OECD, Canada has not ranked well on entrepreneurial drive and R&D activities, but its relative position has improved more recently. Canada’s R&D expenditure as a share of GDP is among the lowest in the OECD area, both in the private sector and overall.

Figure 17



- It is important to stimulate R&D. A wide range of studies for both the United States and Canada identify a positive and strong relationship between productivity rates and the accumulation of R&D capital. On balance, R&D investment in Canada is estimated to account for anywhere between 20 per cent and 60 per cent of the productivity growth experienced.
- What restrains Canadian firms from spending more on and performing more R&D if there are substantial net benefits to doing so? There can be a number of explanations for this. Large public sector expenditures in the past may have deterred private sector R&D expenditures, in that everyone tries to feed off the benefits of government expenditures. The existence of such spillover benefits, even between industries and large corporations, such as telephone companies, often generate lower levels of private sector R&D than from a society’s perspective would be beneficial. This implies a need for public policies designed to stimulate increased R&D spending and performance by the private sector.<sup>10</sup>

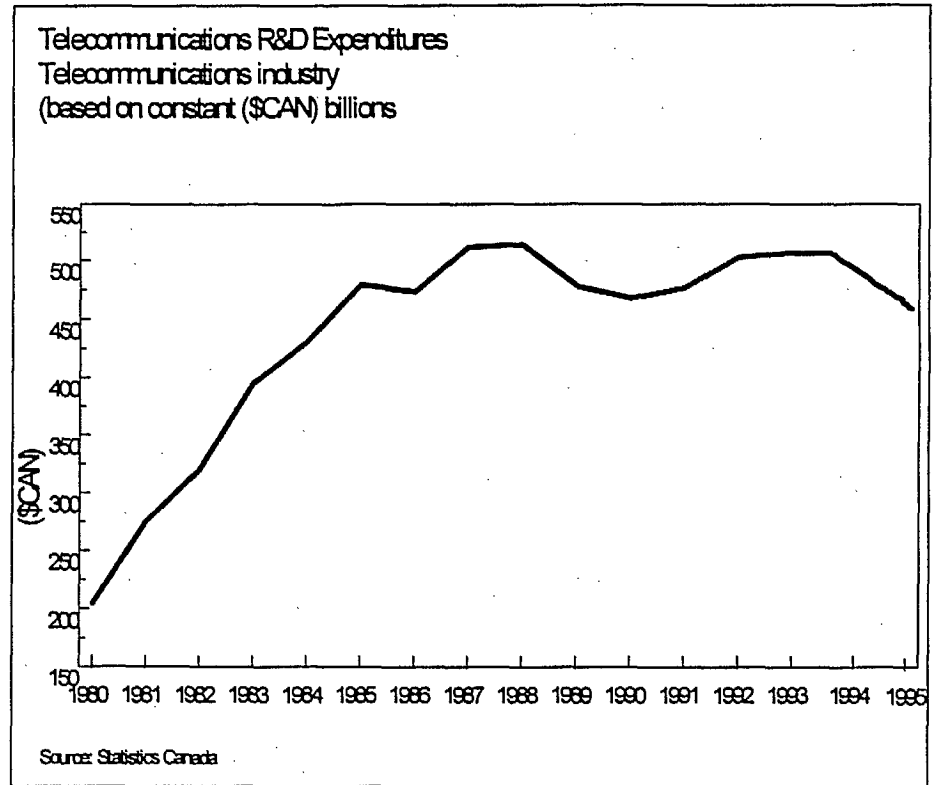
<sup>10</sup>Based on findings of the OECD.

*Telecommunications Industry R&D*

- There is some empirical evidence to demonstrate that Canada's performance as an industrial innovator would be enhanced if Canadian firms undertook absolutely and relatively more privately funded R&D. Technological opportunities for Canada and other countries appear to be expanding given for example the accelerated pace of technological change in telecommunications activities.<sup>11</sup>

**Figure 18**

- The telecommunications industry is a significant contributor to Canada's privately financed and performed R&D. Such R&D expenditures seem to have levelled off since 1985.<sup>12</sup>



<sup>11</sup> Based on findings of an August 1995 Canadian study by the Department of Finance. Data on U.S. industry are provided in Appendix D.

<sup>12</sup> Statistics Canada reported that the telecommunications industry's spending on R&D has been declining in the last few years, even in constant dollars.

**Table 11**

- The telecommunications equipment industry contributes more than 15 per cent of the R&D financed and performed by all industries in Canada, while telecommunications services alone contributes almost 3 per cent.

Total Intramural R&D Expenditures, by Industry, 1991 to 1995 (based on current (\$Can) millions)					
Industries	1991r	1992r	1993r	1994p	1995i
	in millions of (\$ Can)				
Telecommunications equipment Total Manufacturing (1)	773 3,576	734 3,669	874 3,971	1,026 4,144	1,060 4,326
Communication services* Total Services (2)	155 1,448	183 1,474	179 1,954	180 2,116	181 2,222
Other (3)	415	702	449	483	451
Total (1+2+3)	\$5,439	\$5,845	\$6,374	\$6,743	\$6,999

r: revised figures  
p: preliminary figures  
i: spending intentions  
\* further breakdown of these figures are confidential  
Source: Statistics Canada

- However, as a large purchaser of telecommunications equipment, all telecommunications service providers indirectly promote R&D by the equipment industry.

**Table 12**

**Investment**

- Investment by the telecommunications service industry grew from \$45 (\$Can) billion in 1980 to \$78 (\$Can) billion in 1994.<sup>13</sup>

- As a per cent of total investment by all industries, the telecommunications service industry has increased its share only slightly. In 1980 its share was 4.5 per cent compared to 4.9 per cent in 1994.

Investment (based on End-Year Gross Stock) in millions, Constant (\$Can)				
Year	Telecommunications Service Providers (Carriers & Other)	Total All Industry	Telecom % of Total	Telecom % Change from previous year
	\$	\$	%	%
1980	45,031	1,000,519	4.5%	
1981	47,245	1,051,182	4.5%	4.7%
1982	49,137	1,092,935	4.5%	4.9%
1983	50,227	1,127,989	4.5%	5.0%
1984	51,364	1,162,061	4.4%	5.1%
1985	52,659	1,200,216	4.4%	5.3%
1986	54,148	1,237,955	4.4%	5.4%
1987	56,207	1,278,587	4.4%	5.6%
1988	58,850	1,327,739	4.4%	5.9%
1989	62,162	1,381,638	4.5%	6.2%
1990	65,728	1,432,230	4.6%	6.6%
1991	68,896	1,481,042	4.7%	6.9%
1992	72,722	1,524,001	4.8%	7.3%
1993	75,534	1,564,654	4.8%	7.6%
1994	78,069	1,609,586	4.9%	7.8%

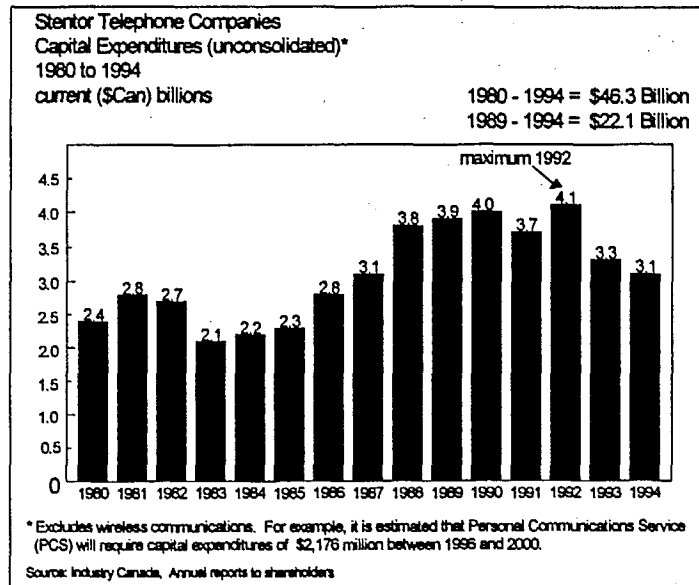
Source: Statistics Canada

<sup>13</sup>Data on U.S. industry are provided in Appendix D.

**Capital Expenditures**

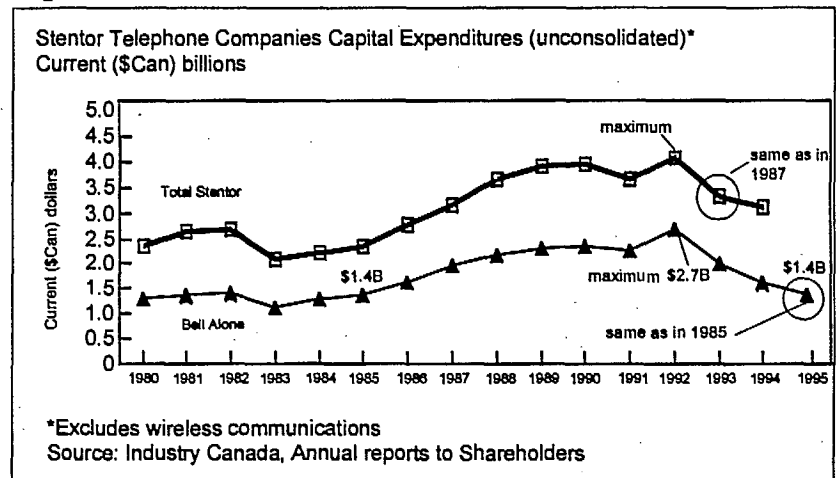
- The Stentor telephone companies invested \$22.1 (\$Can) billion capital expenditures between 1989 and 1994. Investment was highest in 1992, \$4.1 (\$Can) billion. Investment declined to \$3.3 billion in 1993, and returned to the 1987 level of \$3.1 billion in 1994. During this time period the Stentor telephone companies invested in the digitization of their networks which may account for the higher capital expenditures

**Figure 19**



- Total outlays by Bell Canada, as compared to all Stentor telephone companies, declined in 1993, 1994 and 1995. Since 1980, its total outlay of \$2.7 (\$Can) billion peaked in 1992, declined sharply to \$2.0 billion in 1993, dipped to \$1.6 billion in 1994 and dipped again to \$1.4 billion in 1995. Its 1995 capital expenditure is the same as it was in 1985.

**Figure 20**



**Table 13**

	Current (\$Can) millions															
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Total Alliance	2,358	2,629	2,693	2,081	2,212	2,334	2,769	3,139	3,642	3,890	3,969	3,662	4,072	3,335	3,091	na
Bell	1,297	1,401	1,417	1,139	1,284	1,368	1,638	1,981	2,197	2,326	2,337	2,281	2,676	2,012	1,638	1,370
Total Minus Bell	\$1,061	\$1,228	\$1,276	\$942	\$928	\$966	\$1,131	\$1,158	\$1,445	\$1,564	\$1,632	\$1,381	\$1,396	\$1,323	\$1,453	na

na = not available as of January 1, 1996.  
Source: Industry Canada, Annual reports to shareholders



- An important measure of the ability to afford capital expenditures is the ability to generate internal cash flow.

**Table 14**

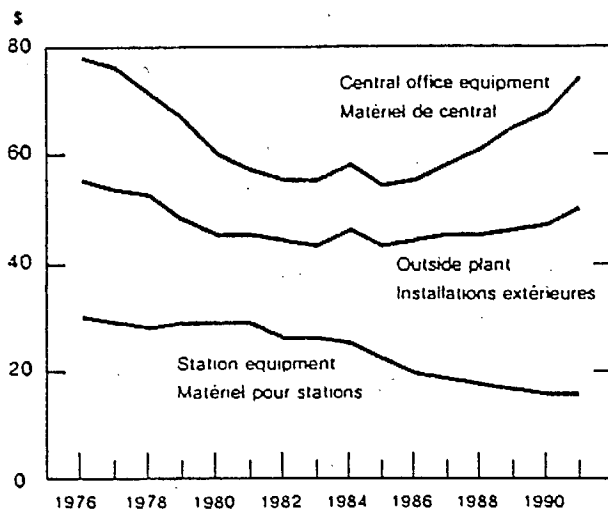
Selected Stentor Companies* Financial Data for 1994 (\$Can) millions						
	AGT	BC Tel	Bell	MT&T	NB Tel	NFLD Tel
Cash flow **	550	773	330	201	150	123
Capital Expenditures	355	611	1,638	151	88	77
Cash Flow int. coverage	5	5.3	5.2	4.1	4.39	4.8
* excludes publicly held Stentor companies ** earnings plus interest and depreciation						
Note: Quebec Tel, also a Stentor telephone company, reported cash flow of \$97 million, capital expenditure of \$69 million and a cash flow int. coverage of 5.8. Decision 95-21 does not apply to Quebec Tel						
Source: Scotia McLeod						

- In 1994, the privately owned Stentor telephone companies had a total cash flow of \$5.2 (\$Can) billion, well in excess of their total \$3.0 (\$Can) capital expenditure. Only Bell Canada had a lower cash flow (\$330M) than its capital expenditure (\$1,638M) in 1994.
- The Stentor telephone companies forecast that their 1995 financial performance will not permit them to increase their capital expenditures to purchase emerging technologies. Their competitors will need to do so if they expect to remain in the market but their investors have planned for this. In the case of the telephone companies this financial difficulty is not anticipated by their shareholders. Competition will increase the requirement to have the latest technologies in place by all telecommunications service providers.
- Unitel, Sprint Canada and FONOROLA are also experiencing similar financial difficulties.
- The trend in capital expenditure by the Stentor telephone companies is in contrast to the period between 1971 and 1991.<sup>14</sup> In that period numerous telecommunications innovations and the application of existing technologies to telecommunications brought about spectacular reductions in the cost of long-distance services. Advances like the computer, fibre optics, and microwave and satellite transmission enabled telephone companies to reduce costs considerably and to cut prices without sacrificing profits.

<sup>14</sup>This finding is based on Statistics Canada data.

**Figure 21**

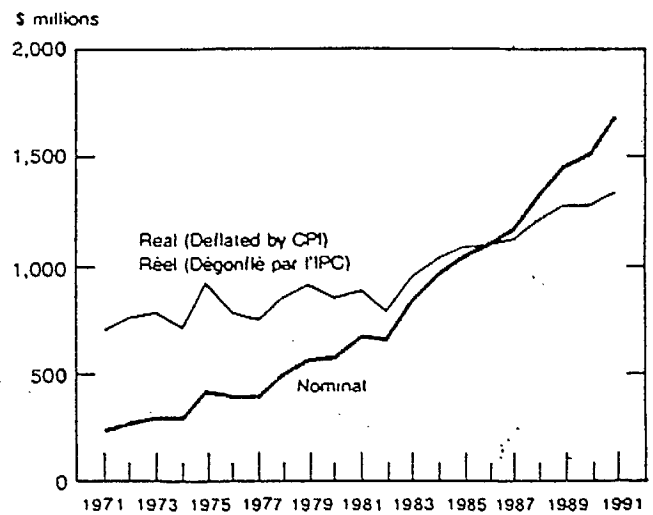
**Capital Costs by Kilometer of Telephone Line Deflated by Canadian Telecommunication Plant Price Index (CTPPI) (1986 = 100)**



Source: Statistics Canada

**Figure 22**

**Net profit of Canadian Telephone Industry Over the 1971 - 1991 period**



Source: Statistics Canada

- The more recent decline in total outlays by Canada's largest telecommunications service providers are of concern to policy makers. In 1995, the federal government varied Decision 95-21 to de-link mandated long-distance rate decreases from basic local telephone service increase, citing the need for investment and stability in the telecommunications market which will further enhance innovation and economic growth in Canada.

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## **Section 5**

### **Supply and Demand Analysis of Local and Long-Distance Services**

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## **Section 5: Supply and Demand Analysis of Local and Long-Distance Services**

### **Supply Side**

- Historically, the United States and Canada have not priced all telecommunications services based on cost alone. Most notably, basic local telephone service is subsidized from revenues generated by long-distance services. This policy helped to achieve universal service at affordable rates in a monopoly environment with more than 98 per cent of all households in Canada and 93 per cent in the United States having telephone service. Other cross-subsidies existed as well and came mainly from business users.<sup>15</sup>

### *Costs*

- The CRTC was directed by the government in Order in Council P.C. 1994-2036 to compare the revenue/cost results derived from its approved Phase III cost allocations with external benchmarks. The evidence submitted in the related public proceeding leading to Decision 95-21, on comparisons of Canadian and United States costs, was based on publicly available information. Adjustments were required to account for different treatment of common costs, overseas costs and other technical matters.

### Local telephone service

- The costs of basic local telephone service varies by the telephone company selected and its relative size.
- Evidence was submitted to the CRTC that confirms that it costs on average between \$35 and \$40 (\$ CAN) to provide basic local telephone service to get initial local telephone service and that these costs are similar in Canada and the United States.

### Long-distance telephone service

- The CRTC found the average cost of providing long-distance telephone service by Bell Canada is *11.3 cents per minute* as compared to *13.4 cents per minute (\$CAN)* for AT&T. Taking into account a number of other factors that could reduce this difference, the Commission concluded that the difference is approximately 1.0 to 2.0 cents per minute, with U.S. costs being the higher.
- The CRTC did not agree that there are significant local and long-distance productivity imbalances between Bell and the U.S. carriers and determined that Phase III allocations are not unreasonable.

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<sup>15</sup>Data on U.S. penetration rates are provided in Appendix D.

Prices

Local Telephone Service

- Even though local telephone service competition is permitted, in most cases, it is still provided only by the local telephone companies in Canada and the United States. Canada and the United States are, however, gradually moving to greater competition in the provision of such services. This will occur more quickly if local telephone service is priced at or above its cost.
- As of January 1, 1996 Canadian monthly flat rates for basic local telephone service, including touchtone, for residential customers remain substantially lower than in the United States, with the United States prices being higher by more than 50 per cent.

Figure 23

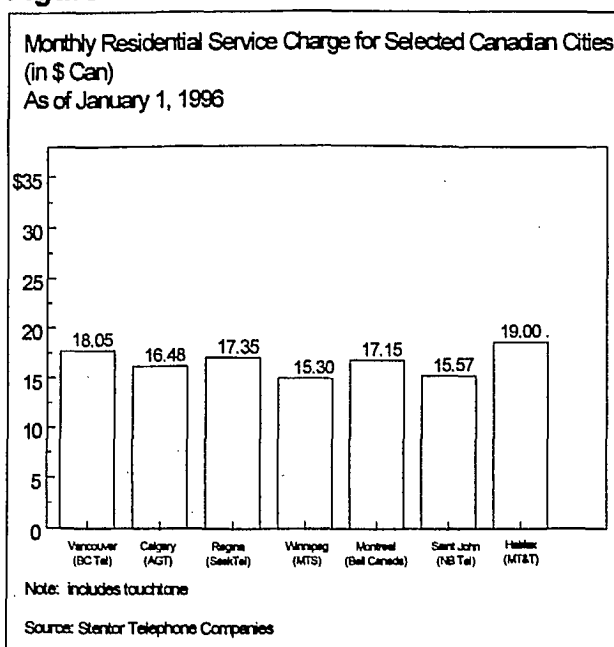
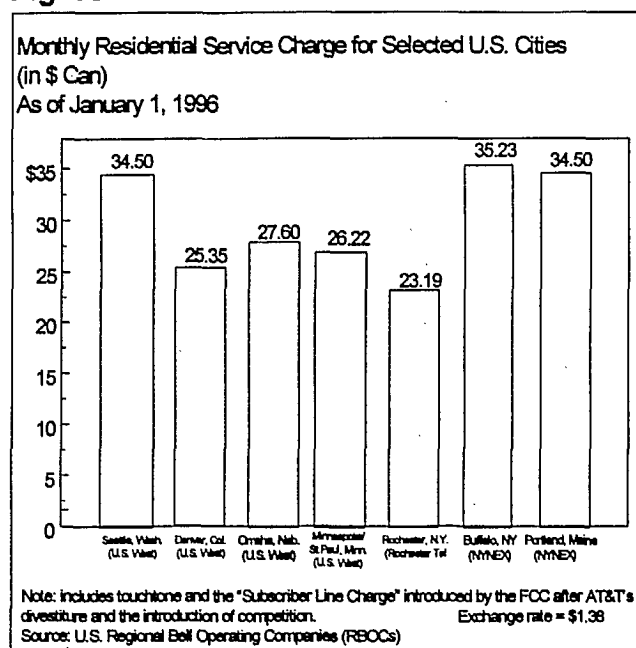


Figure 24



- These prices are subsequent to an average price increase of about 55.6 percent in Canada and 91.8 per cent in the United States between 1981 and 1992, according to Statistics Canada. In Canada residential rates have not increased as much as did the business rates during the same time period.
- The price of basic local telephone service will continue to be priced below its average cost of between \$35 and \$40 (\$ CAN) even after the rate rebalancing increases of \$2.00 effective January 1, 1996 and an additional \$2.00 increase effective January 1, 1997 approved by the CRTC. The need for a third increase will be reviewed by the CRTC via the context of the introduction of price cap regulation on January 1, 1998.
- By now business rates are more or less compensatory in both Canada and the United States.

- With the \$2.00 increases for both residential and business services, customers in major cities across Canada would incur the following monthly charge for basic local telephone service.

**Table 15**

Impact of Rate Rebalancing on Monthly Service Charges* in Canada (\$Can, current dollars)							
City	Company	Residential Rate			Business Rate**		
		As of Nov. 1995	As of Jan. 1, 1996	As of Jan. 1, 1997	As of Nov. 1995	As of Jan. 1, 1996	As of Jan. 1, 1997
Montreal, Que.	Bell Canada	\$15.15	\$17.15	\$19.15	\$48.50	\$50.50	\$52.50
Vancouver, B.C.	B.C. Tel	\$16.05	\$18.05	\$20.05	\$53.90	\$55.90	\$57.90
Calgary, Alta	AGT	\$14.48	\$16.48	\$18.48	\$36.98	\$38.98	\$40.98
Regina, Sask.	SaskTel	\$15.35	\$17.35	\$19.35	\$33.55	\$35.55	\$37.55
Winnipeg, Man.	MTS	\$13.30	\$15.30	\$17.30	\$33.00	\$35.00	\$37.00
Charlottetown, P.E.I.	Island Tel.	\$16.20	\$18.20	\$20.20	\$49.10	\$51.10	\$53.10
Halifax, N.S.	MT&T***	\$19.00	\$19.00	\$21.00	\$59.40	\$59.40	\$61.40
Saint John, N.B.	N.B. Tel	\$13.57	\$15.57	\$17.57	\$32.48	\$34.48	\$36.48
St. John's, Nfld	NFLD Tel	\$13.45	\$15.45	\$17.45	\$44.00	\$46.00	\$48.00

\* Monthly Service Charges refers to the price of acquiring initial access to the public switched network and includes touchtone

\*\*The CRTC stated that if a telephone company could demonstrate that rates for business customers for a particular local service rate group are already compensatory, it could propose not to increase the associated rates.

\*\*\* Rate rebalancing increases for Maritime Tel & Tel (MT&T) will be phased in on May 1, 1996 and 1997, not January 1, as for the other companies, in light of the interim rate increases the company received on May 1, 1995. The impact on local rate increases for certain cities in Canada is provided below.

Source: Canadian Telephone Companies, CRTC Source: CRTC

- Certain Stentor telephone companies will continue to cross-subsidize their local telephone rates from surplus revenues generated by their long-distance and other telecommunications services.
- Given that basic local telephone service costs between \$35 (\$ Can) and \$40 (\$ Can) or between \$48 (\$ US) and \$55 (\$ US) certain telephone companies in the United States also continue to cross-subsidize these services.
- Components of the price of basic local telephone service in the U.S. are not identical to those in Canada, reflecting in part the differences in the market and regulatory structure.
- In addition, there are more "*local discount plans*" available to both residential and business customers in the United States, than there are in Canada. For example, in the United States, the FCC has developed nationwide averages for the various life-line and other such residential local services not offered in Canada and referred to as the "*lowest generally available monthly rate*" by the FCC.
- There are also more business customers that purchase "unlimited" and "measured" services in the United States, so much so that the FCC has calculated nationwide averages for these local services. It also has one for "Key System Line" and "PBX Trunk" and these have the highest monthly charges.
- Nationwide averages for local residential and business charges in the United States for the years 1991 to September 1995, are provided below. They exclude "Key System Line" and "PBX Trunk" monthly charges.
- A comparison of the nationwide average prices for residential basic local telephone service in Canada with those in the United States provides three interesting findings:
  - 1) Residential basic local telephone service rates in 1995 were less in Canada than the "*lowest generally available monthly rate*" in effect the United States in 1995 (\$16.23 (\$Can)).
  - 2) Canadian residential monthly rates will also be less in 1997 than the "*nation-wide average residential rate*" in effect in the United States in 1995 (\$26.63 (\$ Can)).
  - 3) The same findings are true for business local telephone service monthly rates. However, the business charges in Canada are, by now, similar to those in the United States and prices are more or less above the cost of providing the service.

**Table 16**

1991 to 1994\*  
 Nationwide Averages for Local Residential & Business Charges  
 in the United States  
 (1994 charges were valid until end of September 1995)

	Rates as of October 15 of each year				
	1991 (\$U.S.)	1992 (\$U.S.)	1993 (\$U.S.)	1994/1995 (\$U.S.)	1994/1995 (\$CAN)
<b>RESIDENTIAL</b>					
Unlimited local calling	13.10	13.12	13.22	13.24	18.56
Federal and state SLCs**	3.56	3.55	3.55	3.55	4.97
Taxes and 911 charges	2.00	2.03	2.17	2.21	3.10
<b>Total for rotary service</b>	<b>\$18.66</b>	<b>\$18.70</b>	<b>\$18.94</b>	<b>\$19.00</b>	<b>\$26.63</b>
Additional monthly charge for Touch tone service (including tax)	1.17	1.08	1.04	0.84	1.18
<b>Total for touch tone service</b>	<b>\$19.83</b>	<b>\$19.78</b>	<b>\$19.98</b>	<b>\$19.84</b>	<b>\$27.81</b>
<i>Lowest generally available monthly rate</i>	6.18	6.22	6.43	6.55	9.18
Federal and state SLCs	3.56	3.55	3.55	3.55	4.97
Taxes and 911 charges	1.28	1.31	1.45	1.48	2.07
<b>Total for rotary services</b>	<b>\$11.02</b>	<b>\$11.08</b>	<b>\$11.43</b>	<b>\$11.58</b>	<b>\$16.23</b>
<b>BUSINESS</b>					
Representative Service charge ***	\$32.29	\$32.45	\$32.70	\$32.34	\$45.33
Subscriber Line Charges	3.57	3.56	3.57	3.57	5.00
Extra for TouchTone	1.84	1.71	1.67	1.22	1.70
Tax including 911 charges	4.42	4.57	4.63	4.61	6.46
<b>Total monthly charge</b>	<b>\$42.12</b>	<b>\$42.29</b>	<b>\$42.57</b>	<b>\$41.74</b>	<b>\$58.50</b>
Number of cities offering "Unlimited" service	54	54	54	53	53
Unlimited Service base rate	\$34.12	\$34.06	\$34.85	\$34.43	\$48.56
Subscriber Line Charges	3.70	3.70	3.70	3.70	5.19
Extra for Touch Tone	1.87	1.84	1.76	1.12	1.57
Tax including 911 charges	5.22	5.34	5.50	5.40	7.57
<b>Total monthly charge</b>	<b>\$44.91</b>	<b>\$44.94</b>	<b>\$45.81</b>	<b>\$44.65</b>	<b>\$62.59</b>
Number of cities offering "measured" service	84	84	84	87	87
Measured service base rate	\$16.76	\$16.55	\$16.60	\$16.76	\$23.49
200 five minute business day calls	16.70	17.23	17.57	17.44	24.45
Subscriber Line Charges	3.55	3.54	3.55	3.55	4.98
Extra for Touch Tone	1.87	1.73	1.68	1.23	1.72
Tax including 911 charges	4.56	4.77	4.86	4.83	6.77
<b>Total monthly charge</b>	<b>\$43.44</b>	<b>\$43.82</b>	<b>\$44.26</b>	<b>\$43.81</b>	<b>\$61.41</b>
Additional local 5 min. call	0.091	0.093	0.094	0.093	0.130
Inside wiring maintenance	2.05	2.03	2.08	2.23	3.13

Exchange rate = end of year 1994 = 1.4018

\* Latest available data from FCC as of January 1996  
 \*\* SLC = Subscriber Line Charge  
 \*\*\* Rate based on unlimited service where offered, and measured with  
 and measured with 200 same size zone calls in other cities.

Source: U.S. Federal Communications Commission (FCC)



Long-distance Telephone Services  
Stentor - AT&T (Regular Toll)

- Evidence was provided to the CRTC in 1995 which compared the non-discounted price of a one minute long-distance call in Canada and the United States. The price of a one minute intra-province call differs by province and by state. The lowest and highest price for these calls are \$0.24 and \$0.41 in Canada. In the United States, based on a selected sample of AT&T charges, the lowest price was \$0.21 and the highest was \$0.50.

- The Canadian prices are after, according to Statistics Canada, a 17.2 per cent reduction in the price of "regular" long-distance services between 1981 and 1992. In the United States prices for the same services decreased 11.4 per cent between 1981 and 1992.

- The data suggests that certain long-distance calls are cheaper in the United States while others are cheaper in Canada and that all the charges are well above the average cost of 11.3 cents per minute for Bell Canada as compared to 13.4 cents per minute (\$CAN) for AT&T.

- These price comparisons, however, do not include several optional "long-distance discount plans" that are continually being introduced by both the telephone companies and their competitors and which can significantly further reduce the price of a long-distance call.

Stentor - RBOCs (Regular Toll)

- A similar comparison between Stentor prices and average RBOC prices is not available as significant changes in the average RBOC prices are taking place in anticipation of further competition in the United States.
- In 1994 and 1995 numerous "long-distance discount plans" were introduced in the long-distance market for residential customers, very small businesses operating from residential homes, SMEs and large businesses. Many more discount plans to be offered by the telephone companies are awaiting approval by the CRTC. Additional discount plans are continually being introduced by competitors.

**Table 17**

Example of Canada - US Price of a One Minute Long Distance Call (based on a non-discounted charge of a one minute call) (\$ CAN) as of April 1995		
	Stentor Members	AT&T
Intraprovince/Intra-State 50 Mile Call 300 Mile Call	\$0.24 - \$0.41 \$0.35 - \$0.58	\$0.21 - \$0.50 \$0.21 - \$0.50
Inter Province / Inter-State 300 Mile Call 2000 Mile Call	\$0.44 \$0.48	\$0.37 \$0.39
Canada-US / US-Canada 300 Mile Call 2000 Mile Call	\$0.51 \$0.56	\$0.66 \$0.98
Overseas Canada - UK Canada - Germany Canada - Italy	\$0.77 \$1.23 \$1.49	\$1.53 \$1.74 \$2.04

An average length of intra, inter and Canada - US calls are 5 minutes and overseas calls average about 10 minutes.

A typical long-distance call is customer-dialled (with no operator assistance) intra, inter or Canada-US call made at 9:30 p.m. on a week day, or an overseas call between 6 p.m. and 9 a.m.

Most companies offer several discount plans that actually lower these prices  
 Exchange rate = 1.38

Source: Stentor submitted to CRTC - SRCI (CRTC) 7 Apr 95 - 2712 (RRF)

- Since the introduction of "equal access", discount plans are being targetted at residential customers and very small businesses.
- Most of the "long-distance discount plans" are not yet adequately reflected in studies on the price of long-distance services including the Canada-U.S. price comparison of a one minute call noted above.
- Thus the data presented in the previous table on the price of a one minute long-distance call are probably higher than most customers would actually incur. The Canada-U.S. comparable data are however sufficiently close to conclude, *that prices of long-distance services are generally equal or lower in Canada than in the United States if discount plans are included in the analysis.*

Unitel (Discount Plans)

- Unitel offers discount plans, i.e. significant discounts of 15 per cent to 36 per cent off the regular long-distance charge of the telephone companies.

**Table 18**

Examples of Unitel's Discounts for a 10 minute Call "off" the "Regulated" long distance prices of a telephone company as of January 1996						
From:	To:	Stentor Telephone Company Regular Rate	One & All Unitel Rate	Discount	... with Unitel's Close Connections	Discount
Toronto, ON	Montreal, PQ	\$1.56	\$1.17	25%	\$0.99	36%
Calgary, AB	Edmonton, AB	\$2.15	\$1.61	25%	\$1.37	36%
Vancouver, BC	St. John's, NF	\$3.12	\$2.34	25%	\$1.99	36%
Winnipeg, MB	Ottawa, ON	\$2.99	\$2.24	25%	\$1.91	36%
Vancouver, BC	Hong Kong	\$7.90	\$6.72	15%	\$5.91	25%
Toronto, ON	U.K.	\$7.35	\$6.25	15%	\$5.50	25%

Note: Stentor Local telephone company's regular rates include applicable time-of-day discounts only and are based on a 10 minute call made on a Sunday at 2:00 p.m.  
Source: Unitel

Sprint Canada (Discount Plans)

- Sprint Canada also offers 15 per cent off a Stentor telephone company's regular long-distance charge. Sprint Canada has a service called "The Most" savings plan which can provide certain customers 50 per cent off the rate of the Stentor Telephone companies' "regular" long-distance charge. This savings plan is dependant on identifying a specific combination of telephone calls which the customer generally calls "the Most" each month in Canada, the United States and overseas. However, as even Sprint Canada's advertising clarifies the customer does not get a straight 50 per cent off the total bill which would otherwise come from a Stentor telephone company. This is because other variables, such as duration of calls, time and day a call is made can reduce the 50 per cent savings.
- More specifically as of January 1996, Sprint Canada advertised that a specific pattern of calls made by a selected customer with and without its 50 per cent "MOST" savings plan would be as follows:

**Table 19**

	monthly charge	
	"without" Sprint's The Most Saving Plan	"with" Sprint's The Most Saving Plan
Example of Sprint Canada's 50% "The Most" Savings Plan (based on a specific customer's calling pattern) as of January 1996		
Stentor Telephone Company "Regular" Long distance Charge*	\$65.40	\$65.40
Sprint Canada's Charge*	- 53.39	- 40.18
Difference (Savings)	\$12.01	\$25.22
(Savings off the Stentor Charge)	18.4%*	38.6%*
* Does not include "discount plans" of the Stentor telephone companies - Nor does it include the telephone company's "annual rewards" - Sprint estimates the "annual rewards" as \$3.13 per month - If the \$3.13 per month is included, and using Sprint's services, the savings are \$8.88 (14.3%) and \$22.09 (35.9%) per month.		
Source: Sprint Canada		

Contribution Charges

- Another consideration in Canada is contribution rates which have to be paid by telephone companies and their competitors for each minute of conversation associated with the use of the local network of the telephone companies. Contribution refers to the surplus revenues generated by long-distance and other services that are used to cover the revenue shortfall in local/access services, which varies by telephone company. Contribution charges are calculated on a methodology first outlined in Telecom Decision CRTC 92-12 and modified subsequently.<sup>16</sup>
- In Decision 95-21, the Commission approved the final 1995 contribution charges to be applied retroactively to January 1, 1995. It approved different contribution charges for each telephone company, for the interexchange carriers, such as Unitel and Sprint Canada, and for resellers.
- A summary of the contribution requirements and the approved 1995 contribution charges per minute, is provided below.

Table 20

		Contribution per minute (\$Can) millions							
		BCTEL	AGT	BELL	NBTEL	MTT	ISLAND	NFLD	MTS
1992	Contribution required	\$479.3	N/A	\$2,049.3	\$92.2	\$142.1	\$13.0	\$64.6	N/A
	Telco	0.0757	N/A	0.0724	0.0890	0.1065	0.0671	0.0780	N/A
	IXC	0.0540	N/A	0.0485	0.0634	0.0760	0.0479	0.0557	N/A
	Reseller	0.0378	N/A	0.0340	0.0444	0.0532	0.0335	0.0390	N/A
1993	Contribution required	\$428.2	\$432.9	\$1,726.4	\$75.8	\$92.4	\$12.3	\$45.4	\$127.5
	Telco	0.0718	0.0952	0.0651	0.0706	0.0827	0.0784	0.0695	0.0781
	IXC	0.0512	0.0679	0.0436	0.0503	0.0590	0.0559	0.0496	0.0557
	Reseller	0.0333	0.0441	0.0283	0.0327	0.0384	0.0364	0.0322	0.0362
1994	Contribution required	\$420.3	\$366.4	\$1,426.7	\$69.7	\$78.1	\$10.7	\$27.4	\$108.4
	Telco	0.0621	0.0688	0.0489	0.0544	0.0576	0.0562	0.0349	0.0650
	IXC	0.0443	0.0490	0.0335	0.0388	0.0411	0.0401	0.0249	0.0463
	Reseller	0.0310	0.0343	0.0234	0.0272	0.0288	0.0281	0.0174	0.0324
1995	Contribution required	\$366.8	\$255.2	\$1,304.3	\$89.6	\$104.6	\$9.7	\$60.4	\$88.8
	Telco	0.0449	0.0444	0.0411	0.0544	0.0576	0.0458	0.0349	0.0477
	IXC	0.0320	0.0317	0.0281	0.0388	0.0411	0.0327	0.0249	0.0341
	Reseller	0.0240	0.0238	0.0211	0.0291	0.0308	0.0245	0.0187	0.0255

\* Contribution charges shown refer to the contribution rate paid per minute, per end

Source: CRTC

- The general trend has been to decrease the contribution charges applicable to the telephone companies. This was possible because factors such as productivity gains and increased optional local services provided by the telephone companies have decreased contribution requirements.

<sup>16</sup>The United States has taken a far different approach. Comparisons with Canadian charges are not meaningful.

- The general trend has also been to decrease the contribution charges applicable to interexchange carriers and resellers. For example, contribution charges for Unitel in Bell's Operating territory were reduced from 0.0485 cents per minute in 1992 to 0.0281 cent per minute in 1995.
- IXC's and resellers continue to benefit from further discounts on the approved contribution charges of the telephone companies, including discounts approved in Decision 92-12. At that time the CRTC determined that the competitors should receive discounts in order to counter the advantages of the telephone companies with respect to their control of the local network and their dominant positions. The CRTC, therefore, approved discounts of 25 per cent in 1993, 1994 and 1995, reduced to 15 per cent in 1996 and 10 per cent in 1997, and completely eliminated in 1998. The effect of this discount is significant in reducing long-distance expenses. These further reductions do not apply to the telephone companies.
- The 15 per cent discount explains Sprint Canada's advertising related to its "the MOST" savings plan highlighted in the section on long-distance price comparisons.
- The revenues from contribution charges paid explicitly by the telephone companies and those paid by the IXC's and resellers are assigned to the Utility (e.g. local telephone services market) segment of the telephone companies.
- The telephone companies also assign their explicit contribution payments as an expense for their Competitive (e.g. long-distance market) segment. At a corporate level there is no change in their financial position, only a transfer of funds from the one segment to another.
- IXC's and resellers have only expenses attributed to contribution charges. For resellers this expense can be especially significant. However, until 1998 and with the continued reductions in the charges approved by the CRTC, these expenses in fact are lower than would be otherwise.

#### **Demand side**

##### *Residential and Very Small Businesses*

- Telecommunications services are vital for businesses and individuals. These services connect the suppliers and users of all the information necessary to function in a knowledge-based society. All businesses and individuals use, and increasingly rely upon, such services. Competition has the potential to benefit users through increased choice, higher quality of services and reduced prices.<sup>17</sup>
- Evidence of increased prices for residential and very small business local telephone service users operating mainly from residential homes was provided above for Canada and the United States.
- A recent survey conducted by Statistics Canada in collaboration with Industry Canada highlighted that although there have been significant long-distance price reductions, consumers have been slow to take advantage of these savings.\*

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<sup>17</sup>Results of an OECD 1995 study on the benefits of competition in telecommunications service.

\* The Demand for Telecommunications Services (cat.# 63-016, first quarter, 1995)

- The next question is what is happening to the demand of telecom services by small, medium and large sized businesses? As the services sector of Canada's economy is large the focus of the analysis was on the business services sector.

*Small, Medium and Large Businesses*

Choice of Service Providers

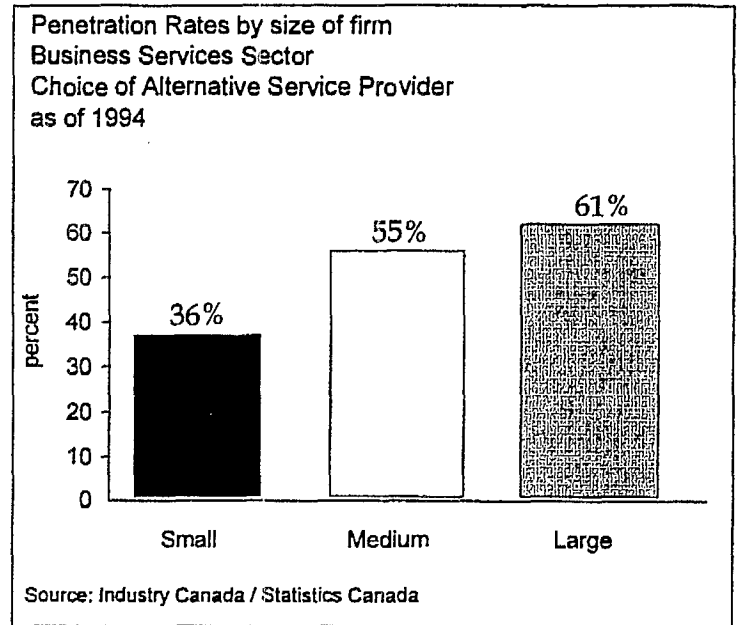
- To acquire savings, the first decision would be for consumers to choose the service provider offering the lowest price.

- In the business service sector as much as 36 per cent of small businesses have opted to chose alternative service providers as of 1994. By contrast 55 per cent of medium-sized firms and 61 per cent of large sized firms chose alternative service providers as of 1994.

- Most firms or industry that do use an alternative service provider did so because of lower prices offered by that provider.

- Those that stayed with the traditional supplier did so mainly because they were satisfied with the quality of service or felt they had sufficient service variety. Given that the survey took place two years after competition was introduced, this "may" imply the telephone companies had prepared adequately to ensure this quality of service before competition would be equal or better after competition.

**Figure 25**



**Table 21**

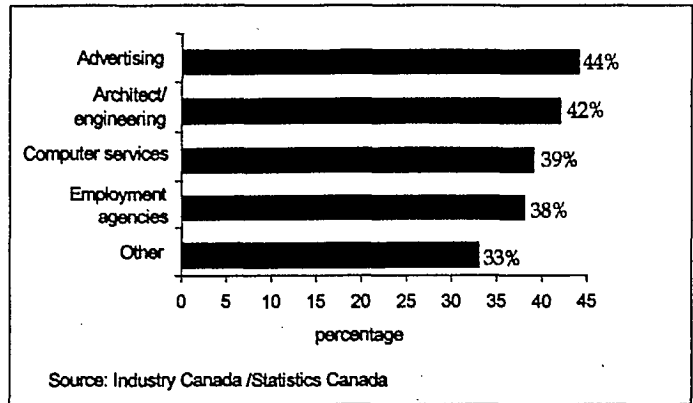
Highlights of Analysis Selection criteria for choice of supplier in Business Service Sector as of 1994			
Switching to alternative suppliers	% of firms that switched	Staying with traditional suppliers	% of firms that stayed
Lower price	88	Satisfied with quality of services	78
Better customer relations	39	Sufficient service variety	47
Higher quality of service	26	Satisfied with the price	41
Superior technological capabilities	21	Good relations with provider	26
Diversification of supplier base	8	No time to investigate alternatives	25
Persuasive advertising	5	Insufficient information about alternative	17
Other	5	Other	13

Source: Industry Canada / Statistics Canada

- The decision to choose an alternative service provider differed by industry as well as by firm size.

**Figure 26**

Penetration rates, by industry  
Choice of Alternative Service Provider  
Business Services Sector  
as of 1994



Use of Telecommunications Services

- Nine in ten firms in the business services sectors used regular long-distance services and, a quarter of all these firms did not use long-distance discount long-distance services in 1994. Use of services changed with firm size. Interestingly the jump occurred between small and medium sized firms. Not much difference was observed between medium and large sized firms.
- Long-distance discount services or discount plans were also used more by large and medium sized firms than by small sized firms. This may imply that small sized firms were not as well informed as medium and large sized firms in 1994. In addition, surveyed firms felt that they were informed about telecommunications services, but few believed they have a good understanding of more recent technologies, such as wide area networks and frame relays.

**Table 22**

Highlights of Analysis Use of Telecommunications Services by Business Services Sector as of 1994				
	% of firms using the services all the time			
	all firms	by size of firm		
		small	medium	large
<i>Long-distance voice services</i>				
- regular long-distance	41	41	48	38
- discount long-distance services	42	39	61	64
- 800 service	14	13	21	20
- debit & calling cards	11	10	20	24
<i>Radio/mobile services</i>				
- cellular	29	28	36	32
- paging	10	10	12	14
- other mobile radio	3	2	6	7
<i>Other services</i>				
- facsimile	73	70	87	88
- data transmission	19	16	29	39
- voice mail	13	11	16	30
- electronic text messages	7	5	16	25
- teleconferencing	2	1	6	5
- video conferencing	-	-	-	-
- internet	3	2	6	5

Source: Industry Canada / Statistics Canada

- The finding implies that in 1994 there was insufficient information on the benefits of the discount plans for long-distance services and explains in part the additional marketing efforts of all long-distance service providers since 1993.

Role of Telecommunications Services for Business

- The firms assigned the greatest importance to the role of telecommunications services on a firm's responsiveness to customer demand, followed by improvements to a firm's overall productivity.
- The finding confirms that telecommunications services are vital for business.<sup>18</sup>

**Table 23**

Importance of Services for Selected Performance Criteria in the Business Services Sector as of 1994				
	Extremely Important	Moderately Important	Not Important	Do not measure
Responsiveness to customer demand	62	21	2	14
Overall company productivity	43	35	6	16
Lead times	33	35	8	24
Market share	25	37	8	30

Source: Industry Canada / Statistics Canada

<sup>18</sup>Industry Canada and Statistics Canada intend to extend the analysis to other sectors of the economy. Key players have already expressed a keen interest in participating.



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## Section 6

### Highlights of Findings

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## Section 6: Highlights of Findings

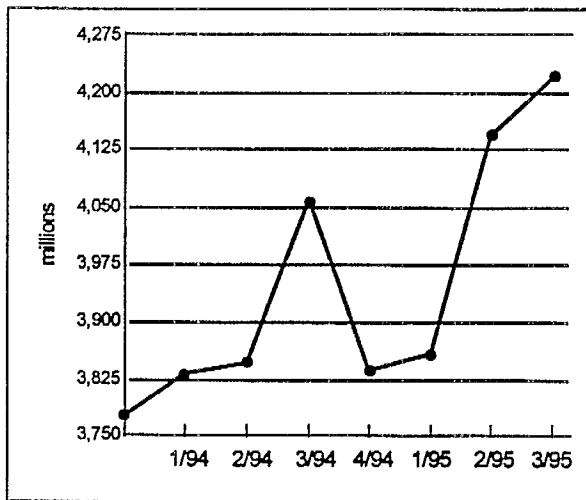
Industry Canada continuously monitors the regulatory and financial status of the telecommunications service industry. The report provided highlights of Industry Canada's current review of the performance of the industry, a summary of financial data on the telecommunications service industry, and certain Canada-US comparisons.

### Canadian carriers - Telecommunications Service Industry

- The general trend between 1994 and 1995 has been an increase in operating revenues but a decrease in operating profits.
- Other selected indicators show a general downward trend in the financial performance of the industry as compared to 1994.
- The financial impacts of the implementation of the regulatory framework for Canada's Stentor telephone companies and their competitors, specifically rate rebalancing, will be reflected in their 1996 and future financial results.
- While consumers have benefited from competition, not all business and residential users are taking advantage of the increased choice in service providers and services.

**Figure 27**

Telecom Carriers - Telecom Service Industry  
Operating revenues



Source: Statistics Canada

**Figure 28**

Telecom Carriers - Telecom Service Industry  
Operating profits

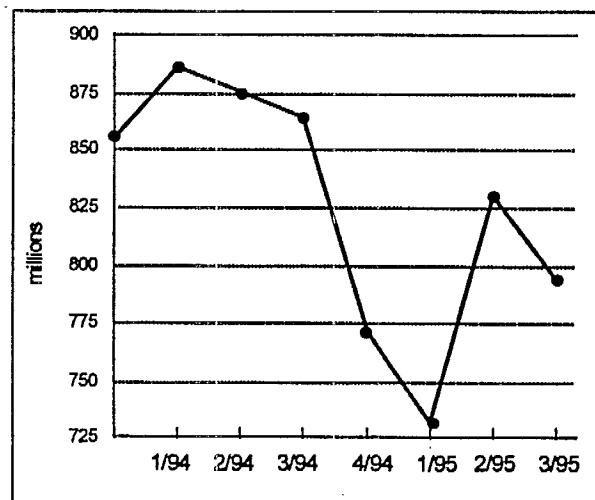


Table 24

Highlights of Financial Results*								
Telecommunications Carriers - Telecommunications Service Industry								
	1993	1994				1995		
	IV	I	II	III	IV	I	II	III
millions								
Income statement (s.a.)								
Operating revenues	3,775	3,831	3,847	4,059	3,837	3,857	4,143	4,221
Operating expenses	2,920	2,945	2,971	3,195	3,065	3,125	3,313	3,427
Operating profit	855	886	876	864	772	732	830	794
Net profit	22	357	317	342	256	219	243	261
Balance sheet								
Assets	37,775	38,000	38,302	38,301	38,772	38,455	39,342	39,583
Liabilities	21,971	22,077	22,294	22,186	22,748	22,581	23,610	23,898
Equity	15,804	15,922	16,008	16,115	16,024	15,874	15,733	15,685
Share capital	10,827	10,950	11,088	11,184	11,290	11,227	11,175	11,208
Retained earnings	3,649	3,645	3,634	3,641	3,448	3,360	3,271	3,188
Analytical table								
Rates of change (%)								
Operating revenues	1.1	1.5	0.4	5.5	-5.5	0.5	7.4	1.9
Operating expenses	1.7	0.9	0.9	7.5	-4.1	2.0	6.0	3.4
Assets	2.7	0.6	0.8	0.0	1.2	-0.8	2.3	0.6
Liabilities	6.4	0.5	1.0	-0.5	2.5	-0.7	4.6	1.2
Selected indicators								
Return on capital (%)	2.95	6.54	6.24	6.50	5.45	5.03	5.54	5.55
Return on equity (%)	0.57	8.99	7.93	8.50	6.34	5.52	6.18	6.67
Profit margin (%)	22.64	23.14	22.78	21.29	20.11	18.98	20.03	18.80
Debt to equity	0.961	0.973	0.981	0.973	0.986	0.988	1.061	1.076
Working capital ratio	0.410	0.389	0.417	0.420	0.430	0.428	0.478	0.531
Quick ratio	0.355	0.346	0.375	0.380	0.393	0.387	0.428	0.480
Comparative indicators								
Operating revenues	-1.2	-2.0	-3.2	2.5	-7.1	-1.5	8.2	1.3
Profit margin	18.0	17.9	17.2	15.3	13.4	12.4	13.3	11.9
* Definitions to calculate the financial indicators are provided in Appendix E.								
The third quarter 1995 financial indicators are the latest available information on the performance of Canada's telecommunications industry. The data, however, exclude the performance of Canada's wireless communications carriers and resellers.								
Source: Statistics Canada								

*Bell Canada*

- Consolidated Bell Canada data indicate that, after a decline in operating revenues in the first three quarters of 1995, revenues increased in the fourth quarter.
- Profit margins have remained about 20 per cent in each quarter of 1995.
- Return on capital and working capital ratio have remained relatively stable in the first three quarters of 1995.
- The debt to equity ratio increased slightly in the first three quarters of 1995.
- Some of the improvements in Bell Canada's performance in the last quarter of 1995 can be attributed to a combination of its cost cutting measures.

*Canada - U.S. Comparison*

Recent analysis by Industry Canada of the Canadian telecommunications industry in comparison to its major trading partners, specifically the United States, support the following findings:

- The Canadian telecommunications service industry market and individual firm size is proportionately much smaller than the general 10:1 economic ratio that is often used in Canada-US comparisons.
- Telecommunications service providers have decreased their R&D investment, capital expenditures and return on equity while similar carriers in the United States have done better in these financial areas in the last three years.
- The cost of providing local and long-distance services in Canada is about the same or lower than in the United States.
- A comparison of the nationwide average prices for residential basic local telephone service in Canada to those in the United States provides three interesting findings:
  - 1) Average residential basic local telephone service rates in 1995 were lower in Canada than the "*lowest generally available monthly rate*" in effect in the United States in 1995 (\$16.23 (\$Can)).
  - 2) Top canadian residential monthly rates will also be less in 1997 than the "*nation-wide average residential rate*" in effect in the United States in 1995 (\$26.63 (\$ Can)).
  - 3) The same findings are true for business local telephone service monthly rates. However, the business charges in Canada and the United States and prices are more or less above the cost of providing the service.
- Since 1992, Canadian long-distance prices have decreased and are now equal or lower than those in the United States. This excludes "*long-distance discount plans*" which further lower prices for these services in both Canada and the United States.

Figure 25

Highlights of financial results* Bell Canada for 1995				
Financial Performance	Bell Canada (Consolidated)			
	1995 (\$Can) millions			
	I	II	III	IV
<b>INCOME STATEMENT</b>				
Operating Revenue	1,953	2,022	2,055	2,153
Operating Expense	1,543	1,574	1,582	1,683
Operating Profit	410	448	473	470
Net Profit	128	138	148	153
<b>BALANCE SHEET</b>				
Assets	18,825	18,821	18,742	na
Liabilities	10,231	10,442	10,435	na
Equity (Common + Pref)	8,594	8,379	8,307	na
Share capital (Common)	5,201	5,201	5,201	na
Retained Earnings	2,408	2,319	2,246	na
<b>RATES OF CHANGE</b>				
Operating Revenue	-2.7	3.5	1.6	4.8
Operating Expense	0.1	2.0	0.5	6.4
Assets	-0.4	0.0	-0.4	na
Liabilities	0.2	2.1	-0.1	na
<b>SELECTED INDICATORS</b>				
Return on Capital	7.54	7.85	8.3	na
Return Equity	5.96	6.59	7.13	na
Profit Margin	20.99	22.16	23.02	21.83
Debt to Equity	0.765	0.805	0.81	na
Working Capital Ratio	0.599	0.55	0.632	na
Quick Ratio	na	na	na	na
<p>* Data presented uses the Statistics Canada definitions to calculate its quarterly financial indicators of the telecommunications carriers. Definitions are provided in Appendix E.</p> <ul style="list-style-type: none"> <li>- On January 24, 1996 BCE Inc. released highlights of its year-end 1995 financial performance, including those related to Bell Canada.</li> <li>- Bell Canada, 100% owned by BCE Inc., continues to be a major contributor to the overall performance of BCE Inc. and to the overall performance of the telecommunications service industry.</li> </ul>				
Source: Bell Canada				

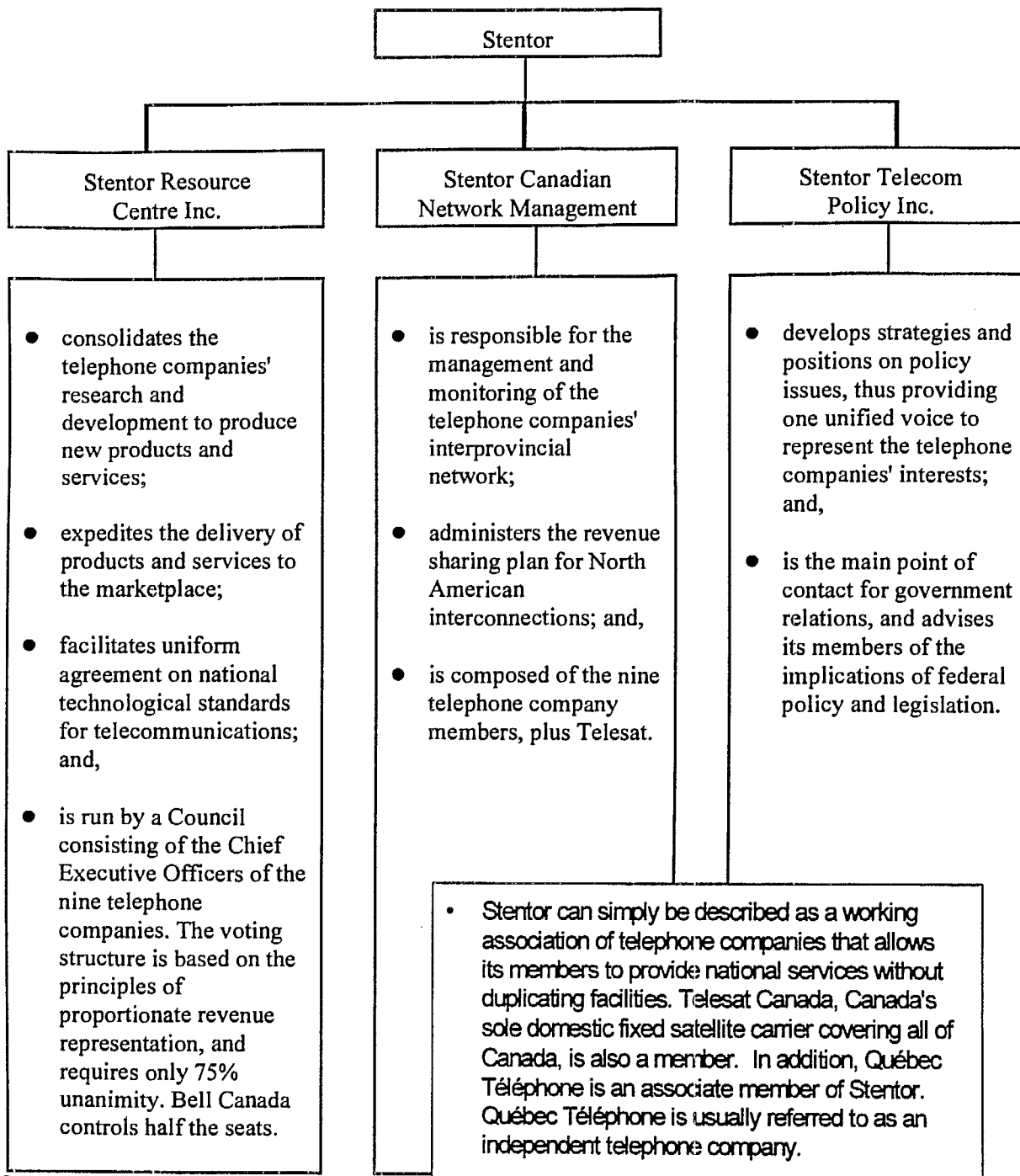
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## Appendix A

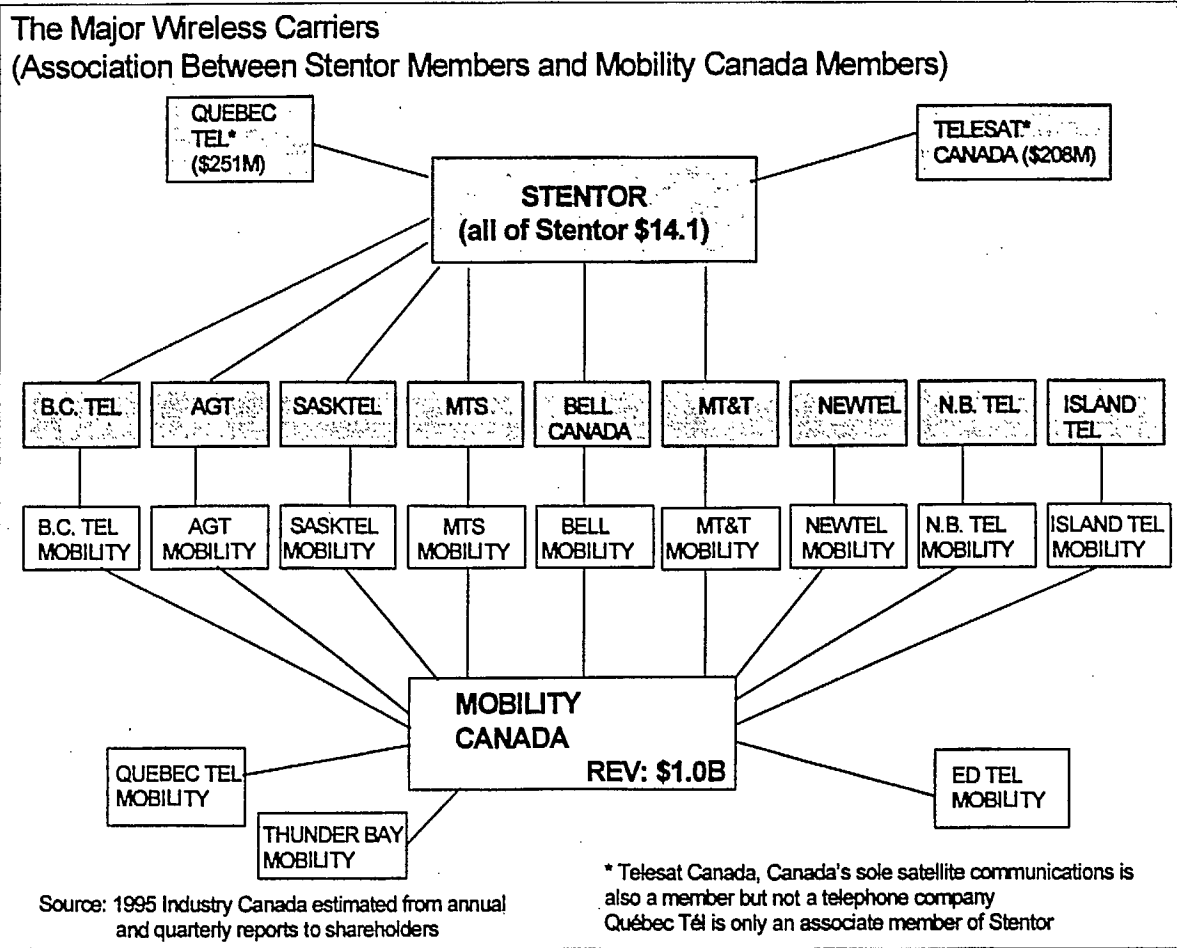
Stentor & Mobility Canada

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The three organizations of Stentor:



Source: Stentor



- Mobility Canada is similar to Stentor in that it is also an association of companies, but for the wireless market. Each member is limited to providing cellular radio-telephone service only where the associated telephone company is licensed to operate.
- Because of the difficulties of segregating consolidated financial data, there is some duplication between the estimated composition of Stentor's \$13.6 billion operating revenues and Mobility Canada's \$1.0 billion operating revenues as reported in financial statements to shareholders. In some cases the financial results of the wireless services are included within the operations of the main telephone company, in other cases they are reported separately



Analysis of The Stentor Member Companies													
	AGT Limited	Bell Canada	BC TELECOM (6)	Island Tel	MTS	MT&T	NBTel	Newfoundland Telephone	Sask Tel	Telesat	NorthwestTel	Québec Telephone	Total or Average % (2,3)
<b>1993</b>													
Operating Revenues							millions of dollars						
Total Revenues	\$1,157	\$7,957	\$2,210	\$57	\$539	\$463	\$355	\$275	\$556	\$200	--	\$243	\$14,032
Toll Ratio	58.7%	41.7%	44.7%	45.7%	51.1%	54.7%	52.9%	58.3%	54.9%	N/A	--	56.6%	47.1%
Net Operating Revenues	\$279	\$2,164	\$561	\$18	\$93	\$139	\$93	\$87	\$143	\$53	--	\$61	\$3,648
Operating Expenses (4)							millions of dollars						
Total Expenses Excluding Taxes	\$848	\$5,196	\$1,629	\$38	\$433	\$309	\$249	\$175	\$416	\$443	--	\$163	\$9,625
Other Taxes	584	3,520	1,254	25	291	202	145	109	298	77	--	113	6,650
Total Expenses Less Taxes and Depreciation	72.6%	65.3%	73.7%	66.2%	80.6%	65.2%	70.0%	63.6%	74.9%	71.6%	--	67.2%	68.6%
Operating Ratio													
Taxes							millions of dollars						
Income Taxes	\$6	\$629	\$201	\$6	N/A	\$48	\$30	\$30	N/A	-\$8	--	\$19	\$963
Other Taxes	41	597	40	1	16	15	14	13	3	4	--	19	762
Total Taxes	46	1,227	240	7	16	62	43	42	3	-4	--	37	1,725
Investment (5)							millions of dollars						
Total Investments in Telecommunications Plant	\$4,149	\$26,034	\$5,824	\$195	\$1,981	\$1,615	\$1,092	\$973	\$1,624	\$1,123	--	\$735	\$43,883
Expenditures							millions of dollars						
Capital Expenditures	\$315	\$2,106	\$515	\$18	\$170	\$146	\$93	\$90	\$74	\$13	--	\$60	\$3,599
<b>1994</b>													
Operating Revenues							millions of dollars						
Total Revenues	\$1,227	\$8,066	\$2,295	\$60	\$531	\$454	\$356	\$264	\$554	\$208	\$311	\$251	\$14,377
Toll Ratio	57.0%	40.6%	43.0%	39.9%	47.4%	49.9%	49.0%	53.9%	56.1%	N/A	67.0%	53.0%	44.4%
Net Operating Revenues	\$287	\$2,058	\$561	\$18	\$84	\$125	\$92	\$83	\$128	\$52	\$13	\$63	\$3,565
Operating Expenses (4)							millions of dollars						
Total Expenses Excluding Taxes	\$859	\$5,392	\$1,693	\$40	\$427	\$313	\$250	\$170	\$429	\$153	\$96	\$169	\$10,032
Other Taxes	601	3,490	1,276	26	279	200	162	103	308	87	77	116	6,726
Total Expenses Less Taxes and Depreciation	73.3%	66.8%	73.6%	67.0%	80.5%	69.1%	70.0%	64.4%	77.4%	73.3%	87.0%	67.3%	69.7%
Operating Ratio													
Taxes							millions of dollars						
Income Taxes	\$36	\$579	\$206	\$6	N/A	\$38	\$30	\$28	--	\$6	\$7	\$20	\$954
Other Taxes	41	617	42	1	20	15	14	11	3	4	2	19	787
Total Taxes	77	1,196	247	7	20	52	43	38	3	10	9	38	1,741
Investment (5)							millions of dollars						
Total Investments in Telecommunications Plant	\$4,344	\$27,199	\$6,298	\$205	\$2,088	\$1,711	\$1,126	\$997	\$1,656	\$1,104	\$341	\$783	\$47,851
Expenditures							millions of dollars						
Capital Expenditures	\$355	\$2,795	\$611	\$18	\$148	\$151	\$88	\$77	\$101	\$15	\$33	\$69	\$3,462

\* Totals may not add exactly due to rounding

Notes:

- Figures published by all companies are non consolidated where available, and therefore, may not agree with the companies' annual reports. Bell Canada figures are consolidated.
- Line 2, Total % excludes Telesat from calculation
- Line 2, 17 and 19 Total % is a weighted average.
- Operating Expenses excludes property and business tax
- Investment excludes materials and supplies
- Financial data is for BC TELECOM Inc. Network data related to BC Tel

Source: Stentor

N/A = Not applicable  
-- indicates not available

Analysis of The Stentor Member Companies												Total or Average %	
	ACT Limited	Bell Canada	BC TELECOM (6)	Island Tel	MTS	MT&T	NBTel	Newfoundland Telephone	Sask Tel	Telesat	Northwestel	Québec Telephone	
<b>1993</b>													
Plant	32,363	-	12,247	191	-	2,789	1,543	8,962	10,338	N/A	N/A	3,643	75,466
Number of Route Kilometers of Microwave System	32,363	-	101,913	N/A	-	N/A	9,141	12,762	43,174	N/A	N/A	22,308	221,661
Number of Channel Kilometers of Microwave System	5,962	27,992	94,398	525	-	4,250	2,902	1,987	8,830	N/A	N/A	2,890	60,504
Number of Route Kilometers of Fibre Optics	85,335	639,442	4,359,228	N/A	-	N/A	29,020	27,818	79,978	N/A	N/A	29,741	913,216
Total Wire/Cable Kilometer	-	154,658,720	27,476,103	9,978	-	52,323	6,034,280	16,687	9,175,015	N/A	N/A	1,321,466	204,346,572
Percentage of Plant Underground (%)	-	75.8%	56.5%	63.0%	-	24.0%	24.1%	12.0%	96.0%	N/A	N/A	22.7%	68.4%
<b>Network Data</b>													
Total Network Access Lines (NALS)	1,121,841	9,461,863	2,171,689	75,203	735,497	527,521	480,314	262,856	574,962	N/A	-	269,393	15,753,736
Number of Network Access Lines per 100 population	55.6%	56.9%	N/A	56.9%	65.9%	57.2%	65.8%	46.3%	58.7%	N/A	-	49.0%	57.6%
Number of Network Access Lines Equipped for Direct Dial Overseas	1,120,519	9,461,863	2,171,689	75,203	717,109	527,521	480,314	259,000	574,962	N/A	-	268,547	6,266,589
Percent NALS served by Digital Switches (%)	99.9%	95.0%	84.0%	80.0%	82.0%	81.0%	100.0%	81.9%	95.3%	N/A	-	94.3%	89.7%
Number of Discharges Printed	2,490,378	17,019,548	4,560,750	116,416	1,703,836	1,110,625	585,000	401,000	796,000	N/A	-	371,585	29,155,139
Number of Exchanges	465	940	307	26	236	149	100	213	341	N/A	-	135	2,912
Number of Exchanges with Extended Area Service (EAS)	443	869	241	26	60	149	85	100	70	N/A	-	122	2,165
Number of NALS served by EAS	1,111,835	9,421,679	N/A	75,203	-	527,521	452,000	195,040	399,058	N/A	-	264,033	12,446,369
Number of People in 911 Serving Areas	620,394	10,600,000	1,556,889	-	667,473	30,000	277,400	200,000**	422,955	N/A	-	NIL	14,375,111
Number of Communications Served by 911	6	122	12	-	2	168	14	54	5	N/A	-	NIL	400
<b>1994</b>													
Plant	33,481	N/A	11,834	171	5,880	2,229	986	8,779	8,846	N/A	N/A	3,563	75,869
Number of Route Kilometers of Microwave System	33,481	N/A	91,903	N/A	8,160	N/A	3,938	12,307	37,839	N/A	N/A	20,228	207,856
Number of Channel Kilometers of Microwave System	7,444	30,388	138,812	584	1,980	4,672	3,515	2,625	10,241	N/A	N/A	3,468	203,799
Number of Route Kilometers of Fibre Optics	113,836	721,229	5,129,812	N/A	199,402	N/A	35,150	34,844	103,348	N/A	N/A	52,233	6,389,854
Total Wire/Cable Kilometer	N/A	154,907,633	28,465,587	10,384	12,680,170	75,584	6,069,125	16,693	9,103,641	N/A	N/A	3,958,053	215,286,870
Percentage of Plant Under ground	N/A	75.9%	56.7%	62.0%	86.5%	47.0%	23.7%	12.4%	95.7%	N/A	N/A	22.8%	72.2%
<b>Network Data</b>													
Total Network Access Lines (NALS)	1,170,282	9,727,200	2,264,252	80,016	779,406	542,753	502,584	271,963	581,816	N/A	67,265	273,507	16,261,044
Number of Network Access Lines per 100 population	58.0%	57.8%	N/A	59.1%	68.8%	57.8%	66.0%	47.9%	57.4%	N/A	67.0%	49.7%	58.4%
Number of Network Access Lines Equipped for Direct Dial Overseas	1,170,282	9,727,200	2,264,252	80,016	779,406	542,753	502,584	263,276	581,816	N/A	66,838	272,656	15,746,595
Percent NALS served by Digital Switches (%)	100%	96.2%	89.0%	94.0%	91.0%	90.0%	100%	87.7%	98.1%	N/A	99.0%	96.3%	95.0%
Number of Discharges Printed	2,356,142	17,980,659	4,732,810	120,640	1,711,500	1,164,661	596,700	402,829	791,500	N/A	106,500	371,022	30,334,963
Number of Exchanges	469	943	307	26	234	149	100	210	341	N/A	87	135	3,004
Number of Exchanges with Extended Area Service (EAS)	450	872	241	26	60	149	85	100	70	N/A	4	130	2,187
Number of NALS served by EAS	1,150,521	9,694,122	N/A	80,016	758,740	1,164,661	484,092	203,317	404,806	N/A	1,442	271,858	14,227,575
Number of People in 911 Serving Areas	691,000	11,325,776	1,767,270	--	655,357	30,000	282,948	200,000*	503,931	N/A	22,911	7,000	15,486,193
Number of Communications Served by 911	6	151	13	--	2	168	14	54	68**	N/A	2	1	499

Notes:  
 (1) Figures published by all companies are non consolidated where available, and therefore, may not agree with the companies' annual reports. Bell Canada figures are consolidated.  
 (2) Line 2, Total % excludes Telesat from calculation  
 (3) Line 2, 17 and 19 Total % is a weighted average.

\* Line 20 estimated for Newfoundland Telephone  
 \*\* 911 SaskTel statistics include 81 rural communities in the South Western part of Saskatchewan for which 911 service was established  
 --- Bell Canada reports 911 L.D. calls as conversation minutes % increase = 0.5%.

Source: Stentor

N/A = Not applicable  
 -- Indicates not available

Analysis of The Stentor Member Companies													
	AGT Limited	Bell Canada	BC TELECOM (6)	Island Tel	MTS	MT&T	NBTel	Newfoundland Telephone	Sask Tel	Telesat	Northwestel	Québec Téléphone	Total or Average %
Message Data	85.6t	48.9t	91.2t	79.1t	88.4t	87.7t	94.0t	1993	72.7t	N/A	--	70.2t	81.0t
Percentage Touch-Tone Business	83.8t	78.7t	78.7t	76.7t	82.1t	76.9t	86.0t	82.1t	86.8t	N/A	N/A	73.4t	81.1t
Percentage Touch-Tone Residential													
No. of Long Distance Calls (thousands)	468,659	see note*	520,000	15,655	156,598	119,150	150,121	76,761	178,951	N/A	--	61,179	1,746,974
Payroll	6,946	50,942	13,478	329	4,408	3,736	2,263	1,672	3,517	512	--	1,709	89,572
No. of Employees	353,334	2,539,500	866,021	14,662	194,293	165,794	99,964	76,878	154,211	40,560	--	74,159	4,578,482
Total Payroll (thousands)													
Shares - Shareholders													
Common Shares Outstanding	1,700,000	293,624,031	114,986,294	3,486,997	N/A	28,040,000	20,890,515	17,258,027	N/A	6,842,447	--	16,916,795	503,727,106
Preferred Shares Outstanding	NIL	15,001,170	3,932,915	352,500	N/A	NIL	NIL	NIL	N/A	5,000,000	--	518,103	28,154,588
Total Shares Outstanding	1,700,000	308,625,201	118,919,209	3,821,497	N/A	28,040,000	20,890,515	17,258,027	N/A	11,842,447	--	17,434,898	531,881,795
Shares held by Canadian Residents	1,700,000	308,625,201	117,451,261	3,712,927	N/A	27,700,475	20,890,515	17,258,027	N/A	11,842,448	--	14,417,993	529,944,666
Shares held by Non-Residents	NIL	3,319	1,467,948	108,570	N/A	339,525	NIL	NIL	N/A	NIL	--	16,905	1,937,129
No. of Shareholders	2	3,322	13,735	2,341	N/A	13,450	1	1	N/A	1	--	4,508	37,930
Statistics include Directory Operations	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No	N/A	--	Yes	Yes
Statistics include Mobile/Cellular Operations	No	No	Yes	Yes	Yes	No	Yes	No	No	No	--	Yes	Yes
<b>1994</b>													
Message Data	--	50.1t	90.2t	83.0t	88.6t	90.4t	94.0t	80.9t	75.8t	N/A	89.0t	100.0t	--
Percentage Touch-Tone Business	--	83.0t	82.8t	82.0t	84.1t	83.6t	90.0t	86.8t	89.4t	N/A	N/A	100.0t	--
Percentage Touch-Tone Residential	514,100	***	570,600	16,834	134,867	123,760	--	82,593	201,402	N/A	21,128	67,165	1,736,537
No. of Long Distance Calls (thousands)													
Payroll	6,294	51,503	13,797	338	4,856	3,607	--	1,528	3,963	443	614	1,687	88,630
No. of Employees	333,170	2,478,300	830,000	14,875	190,237	163,368	2,260	73,809	157,615	36,161	34,646	74,701	4,367,597
Total Payroll (thousands)													
Shares - Shareholders													
Common Shares Outstanding	1,700,000	293,624,031	112,036,152	3,662,027	N/A	28,047,094	99,880	17,258,027	N/A	6,842,447	834,232	17,082,003	486,992,869
Preferred Shares Outstanding	219,366	15,001,220	1,290,900	352,500	N/A	NIL	NIL	NIL	N/A	5,000,000	NIL	515,903	22,379,889
Total Shares Outstanding	1,919,366	308,625,251	113,327,052	3,821,497	N/A	28,047,094	20,531,198	17,258,027	N/A	11,842,447	834,232	17,597,906	529,804,076
Shares held by Canadian Residents	1,919,366	308,625,251	115,707,702	3,707,319	N/A	27,643,018	20,531,198	17,258,027	N/A	11,842,447	834,232	17,574,259	525,640,220
Shares held by Non-Residents	NIL	2,619	2,328,456	114,178	N/A	404,056	NIL	NIL	N/A	NIL	NIL	23,647	2,672,956
No. of Shareholders	2	3,051	13,096	2,296	N/A	13,248	1	1	N/A	1	1	4,234	35,931
Statistics include Directory Operations	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	N/A	Yes	Yes	Yes
Statistics include Mobile/Cellular Operations	No	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes

Notes:  
 (1) Figures published by all companies are non consolidated where available, and therefore, may (4) Operating Expenses excludes property and business tax  
 agree with the companies' annual reports. Bell Canada figures are consolidated. (5) Investment includes materials and supplies  
 (2) Line 2, Total % excludes Telesat from calculation (6) Financial data is for BC TELECOM Inc. Network data related to BC Tel  
 (3) Line 2, 17 and 19 Total % is a weighted average.

\* Line 26 estimated for Newfoundland Telephone  
 \*\* 911 SaskTel statistics include 81 rural communities in the South Western part of Saskatchewan for which 911 service was established  
 \*\*\* Bell Canada reports line 30, L.D. calls, as conversion minutes % increase = 0.5%.

N/A = Not applicable  
 -- indicates not available

Source: Stentor

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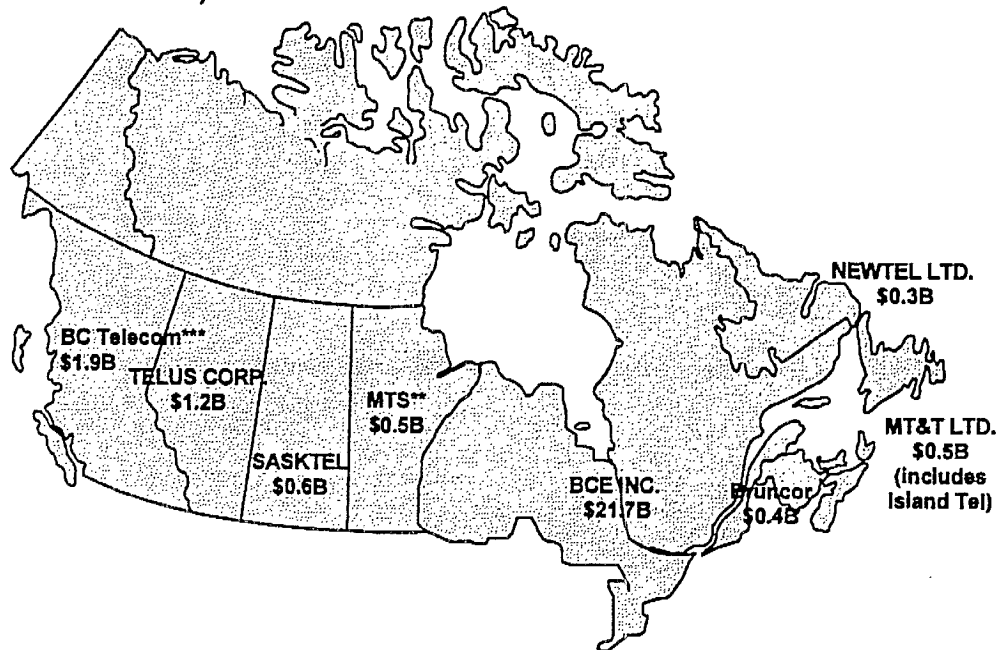
**Appendix B**

BCE Inc.

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**Holding Companies**

(Associated with Stentor) \*



Dollar values are estimated 1994 Operating Revenues (excludes Telesat Canada and Québec Tel)

\* Holding Company for Telesat Canada (\$0.2B) is Alouette Telecommunications Inc. with its head office in the Ottawa-Hull region.

\*\* MTS is the only member of Stentor without a holding company

\*\*\* BC Telecom and Québec Tél are both 50.4% held by Anglo-Canadian Telephone Company.

- With the exception of Manitoba Telephone System (MTS), all the members of Stentor have established holding companies.
- The largest Canadian holding company principally devoted to the telecommunications industry is BCE Inc., with worldwide revenues of \$21.7 billion in 1994 and \$24.6 billion in 1995.
- The following provides the organizational structure of BCE Inc. and a summary of its current financial statement. The data are comparable to those of the total telecommunications industry and Bell Canada data presented in Section 3.

## Financial Performance

## Bell Canada and BCE Inc.

Financial Performance	Bell Canada (Consolidated)				BCE Inc			
	1995 (\$Can) millions				1995 (\$Can) millions			
	I	II	III	IV	I	II	III	IV
<b>INCOME STATEMENT</b>								
Operating Revenue	1,953	2,022	2,055	2,153	5,497	5,816	5,889	7,422
Operating Expense	1,543	1,574	1,582	1,683	4,953	5,134	5,160	6,321
Operating Profit	410	448	473	470	544	682	729	1,101
Net Profit	128	138	148	153	155	162	186	289
<b>BALANCE SHEET</b>								
Assets	18,825	18,821	18,742	na	37,437	38,227	38,059	na
Liabilities	10,231	10,442	10,435	na	26,143	27,044	26,859	na
Equity (Common + Pref)	8,594	8,379	8,307	na	11,294	11,183	11,164	na
Share capital (Common)	5,201	5,201	5,201	na	7,009	6,989	7,002	na
Retained Earnings	2,408	2,319	2,246	na	3,056	2,965	2,914	na
<b>RATES OF CHANGE</b>								
Operating Revenue	-2.7	3.5	1.6	4.8	-11.1	5.8	1.3	26.0
Operating Expense	0.1	2.0	0.5	6.4	-7.1	3.7	0.5	22.5
Assets	-0.4	0.0	-0.4	na	-1.7	2.1	-0.4	na
Liabilities	0.2	2.1	-0.1	na	-2.2	3.4	-0.6	na
<b>SELECTED INDICATORS</b>								
Return on Capital	7.54	7.85	8.3	na	7.41	7.97	8.01	na
Return Equity	5.96	6.59	7.13	na	5.49	5.79	6.66	na
Profit Margin	20.99	22.16	23.02	21.83	9.9	11.73	12.38	14.83
Debt to Equity	0.765	0.805	0.81	na	1.228	1.203	1.268	na
Working Capital Ratio	0.599	0.55	0.632	na	1.108	1.128	11.54	na
Quick Ratio	na	na	na	na	na	na	na	na

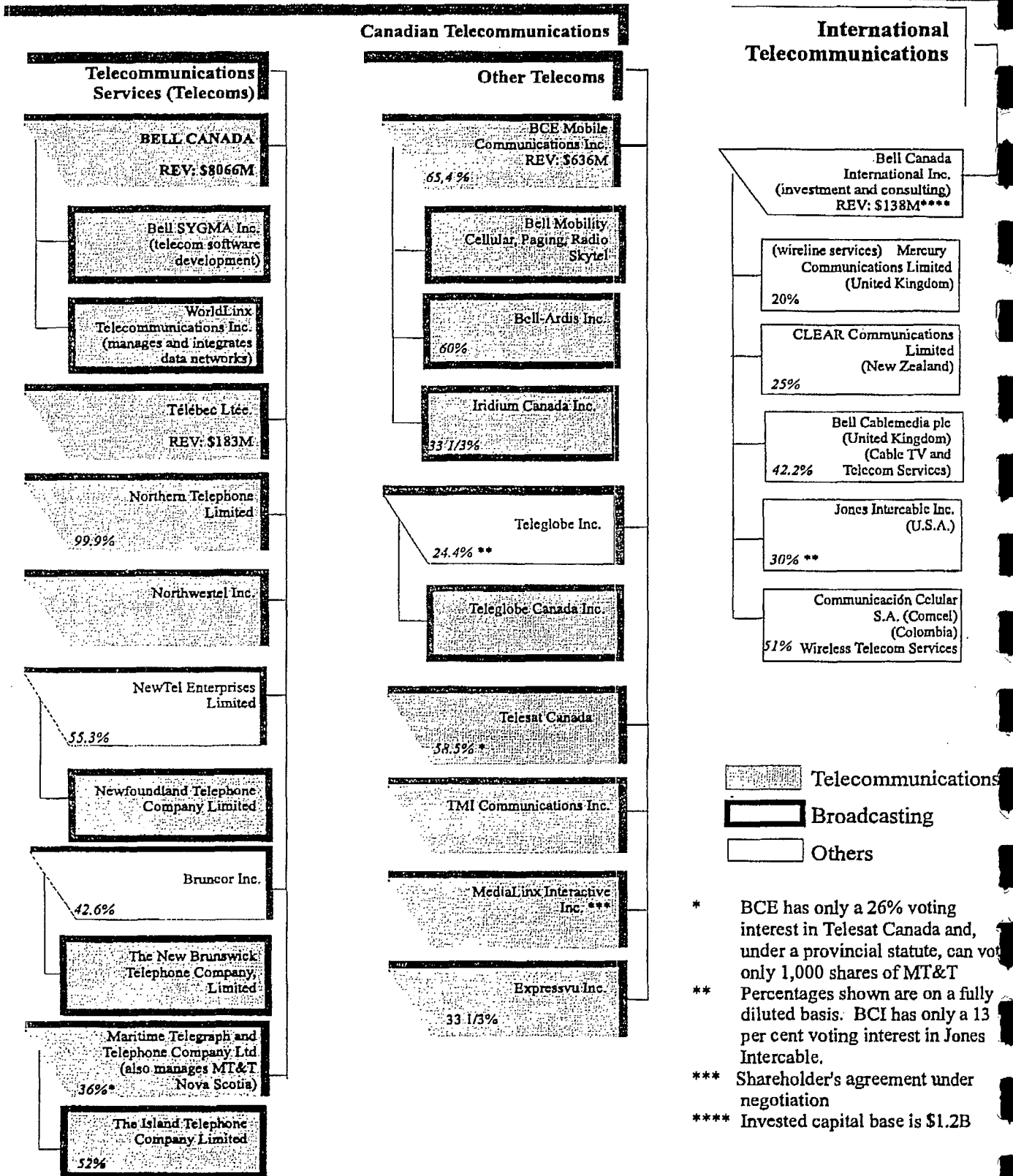
\* Data presented uses the Statistics Canada definitions to calculate its quarterly financial indicators on the telecommunications carriers.

On January 24, 1996 BCE Inc. released highlights of its year-end 1995 financial performance, including those related to Bell Canada.

Bell Canada, 100% owned by BCE Inc., continues to be a major contributor to the overall performance of BCE Inc. and to the overall performance of the telecommunications service industry.

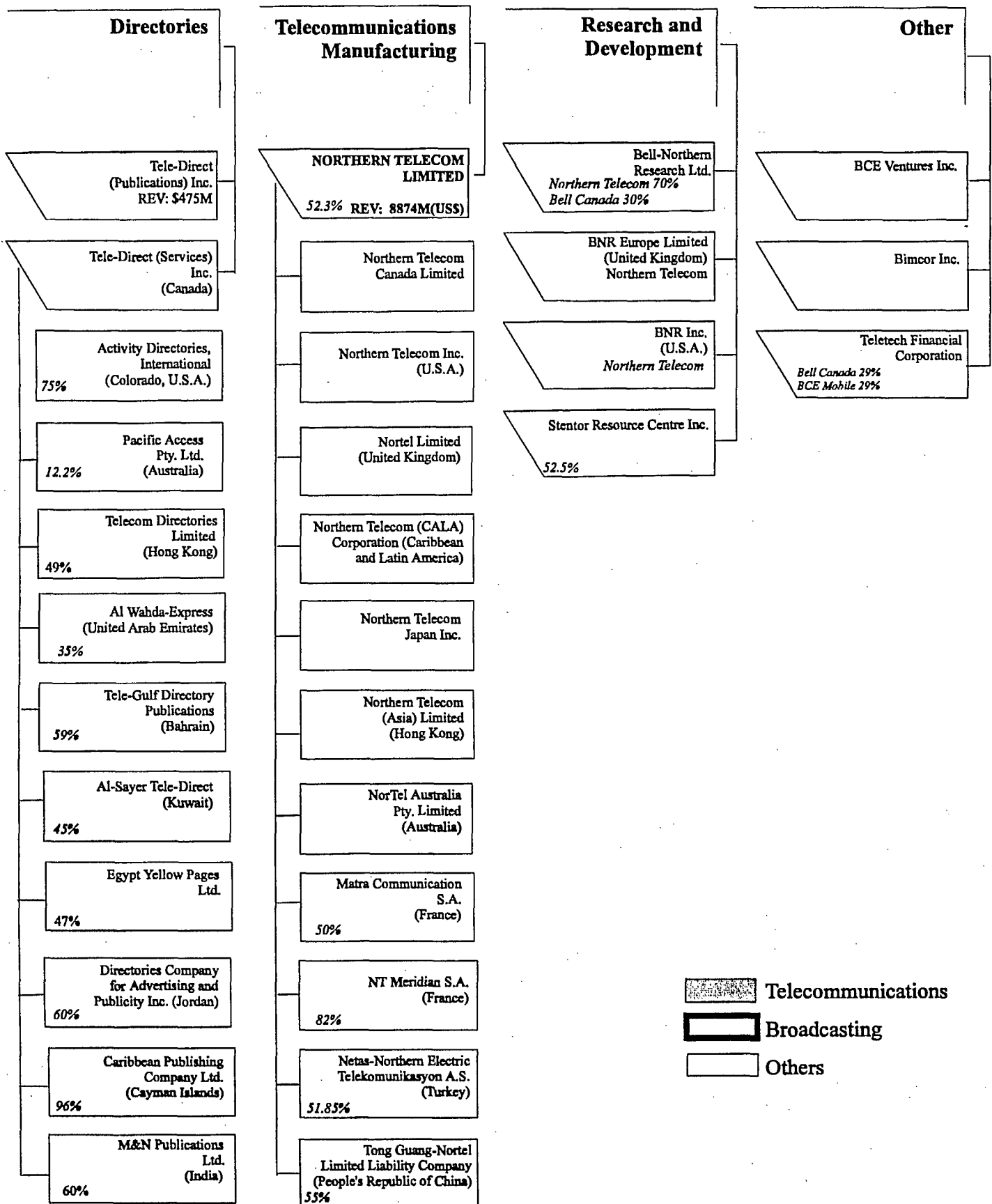
Source: Bell Canada, BCE Inc.

BCE INC.



ALL OWNERSHIP LEVELS ARE 100% UNLESS OTHERWISE SPECIFIED

Source: BCE, Annual Report 1994 and Statistics Canada, "Inter-Corporate Ownership Database on CD-ROM", May 1995





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## Appendix C

Other Canadian Service Providers

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- Including Québec Téléphone, an associate member of Stentor, the independent telephone companies, which vary in size, had estimated total revenues of \$1.3 (\$Can) billion in 1995. However, the size of these individual companies vary.

<b>The Canadian Independent Telephone Companies</b>	
<i>Ontario</i>	<i>Québec</i>
<p><b>INCORPORATED:</b></p> <p>Abitibi-Price Inc.                      Amtelcom Inc.                      Coldwater Communications Inc.                      Durham Telephones Ltd                      Hurontario Telephones Ltd                      Lansdowne Rural Telephone Co Ltd.                      Manitoulin Island Telephone Co Ltd.                      North Frontenac Telephone Co Ltd.                      North Norwich Telephone Ltd.                      North Renfrew Telephone Co. Ltd.                      NORTHERN TELELEPHONES                      Otonabee Telephones Ltd.                      Ontario Northland Communications                      People's Tel. Co. of Forest Ltd.                      Roxborough Telephone Company Ltd.                      South Bruce Rural Telephone Co Ltd.                      Westport Telephone Company Limited                      Wingham Telephone Ltd</p> <p><b>MUNICIPAL:</b></p> <p>Quadro Communications Co-operative Inc.                      Brooke Municipal Telephone System                      Bruce Municipal Telephone System                      Public Utilities Commission Town of Cochrane                      Dryden Municipal Telephone System                      Gosfield North Municipal Telephone System                      Hay Municipal Telephone System                      Huron and Kinloss Municipal Telephone System                      Keewatin Municipal Telephone System                      Kenora Municipal Telephone System                      Mornington Municipal Telephone System                      Thunder Bay Telephone                      TuckerSmith Municipal Telephone System</p>	<p><b>INCORPORATED:</b></p> <p>La Cie de téléphone de Courcelles Inc.                      Guévremont                      Société de téléphone de la Baie                      La compagnie de téléphone de Lambton Inc.                      Téléphone Milot Inc.                      QUEBEC TEL                      Téléphone de St Ephrem Inc.                      Le Téléphone de St Liboire de Bagot Inc.                      La compagnie de Téléphone de St-Victor                      TELEBEC                      Sogetel Inc.                      La compagnie de Téléphone de Upton                      CO-OP de Téléphone de Valcourt                      La compagnie de Téléphone de Warwick                      Compagnie de Téléphone Nantes Inc.</p> <p style="text-align: center;"><i>Other provinces</i></p> <p><b>INCORPORATED:</b></p> <p>NORTHWESTEL</p> <p><b>MUNICIPAL:</b></p> <p>ED TEL                      City of Prince Rupert</p>
<p>Source: Annual Reports</p>	

- Most of the 49 independent telephone companies operate in Québec and Ontario.

- All Canadian telephone companies compete with a range of telecommunications service providers including wireless communications carriers, interexchange carriers and resellers.

<b>The Canadian Wireless Communication Service Providers</b>	
<p><b><u>Largest Cellular &amp; Radio - Telephone Carriers</u></b></p> <p>Rogers Cantel Mobile Communications Inc. Bell (Mobility) Cellular Inc. *</p> <p><b><u>Paging Operators</u></b></p> <p>National Pagette * Telelink Canada Limited Rogers Cantel Mobile Communications Inc. Unitel The Beeper People Inc. Motorola Canada Ltd. La Corporation Scotpage limitée Glen Net Inc. Telesat Canada Communications Inc. National Personal Communications Ray Primack Mobility Canada (Personacom) Ltd.</p> <p><b><u>National (Can-USA) Paging Operators</u></b></p> <p>Rogers Cantel Mobile Inc. MBM International Network Mobility Canada (Personacom)</p> <p><b><u>Air-to-Ground Public Telephone Service</u></b></p> <p>Skytel Communications Corp. * In-Flight Phone (Canada) Corp. Air One Canada Communications Inc.</p> <p><b><u>Mobile Data</u></b></p> <p>Mobitex (Rogers Cantel Mobile Communications Inc.) Bell-Ardis Inc. *</p> <p><b><u>Mobile Satellite</u></b></p> <p>Teleglobe Inmarsat Telesat Mobile Inc. (TMI) **</p>	<p><b><u>Public Cordless Telephone Service Operators</u></b></p> <p><i>Canada Popfone Corporation:</i> Sprint Canada CUC Broadcasting Ltd. Cablecasting Limited Le Groupe Vidéotron Ltée. MacLean Hunter Cable T.V. Ltd. FirstTel Communications Corporation (consortium of 27 companies) Com2i Fundy Cablevision Ltd. Northern Cable Holdings Limited Telesystem Financial Corporation</p> <p><i>Mobility Personacom Canada Ltd.</i> AGT Cellular Limited BCE Mobile Communications Inc. Edmonton Telephone Corporations Island Telephone Company Ltd. Manitoba Telephone System Maritime Telegraph &amp; Telephone Company Ltd. New Brunswick Telephone Company Ltd. Newfoundland Telephone Company Ltd. Northwest Telephone Company Ltd. Québec - Téléphone Saskatchewan Telecommunications Thunder Bay Telephone</p> <p><i>Rogers Cantel Mobile Inc.</i></p> <p><i>Telezone:</i> Telezone Inc. (subsidiary of Tricaster Management Inc.) Classic Communications Ltd. Integrated Messaging Inc. Douserv Management Inc. Omega Paging Services Ltd. Tridon Communications Inc.</p>
<p>* Subsidiary of BCE Mobile Communications ** Subsidiary of Telesat Canada as of January 1994</p> <p>Source: Industry Canada</p>	

- Teleglobe, the sole Canadian overseas carrier, with estimated revenues of \$0.5 (\$Can) billion, and Telesat Canada, the sole Canadian satellite carrier, with estimated revenues of \$0.2 (\$Can) billion, together had about 4 per cent of the estimated \$19.4 (\$Can) billion telecommunications service industries' revenues in 1995. The federal government is reviewing the monopoly status of Teleglobe with an expected decision by early spring 1996. However limited resale is permitted.

- o In 1993 there was numerous resellers as reported below. On-going financial data on wireless carriers and resellers will become publicly available from Statistics Canada in 1996.

**Telecommunications Resellers (those registered with the CRTC)**

**ONTARIO**

ACC Long Distance Corporation (ACC Network Ltd)  
Access Calling Services Inc.  
Access Inc.  
A & H TELECOM  
Ad-Tel Communications of Toronto  
Advanced Multi-Point Conferencing Inc.  
Alldial Communications Inc.  
Allied Telecom Inc.  
Altel Canada  
Altline Communications  
Amitel  
Amos Instruments & Computer Systems (Canada) Ltd.  
A.N.B. Long Distance Telephone Co.  
Anderson Jack  
Appel Inter Onix III Inc.  
AIC - Arnos Instruments & Computer Systems (Canada) Inc.  
Argent Communications Inc.  
ATCI Inc.  
Atlantic Canada Telecom  
Atlas Communications  
Benefit Telephone Inc.  
Bestview Telecom  
Bonanca Enterprises  
Bonanza Enterprises (Comet Telecom)  
Bradson Business Centre  
BT Global Networks Limited  
Buehner Fry  
Burlington Telecom  
Business Information Depot  
Butler Communicaitons Inc.  
Call Direct  
Call for Less  
Canada International Centre  
Canadian Telecommunications Development Corp. (CTDC)  
Canadian Telecom Group Inc.  
Canadian Telephone & Telegraph Corporation (CT&T)  
Canadian Satellite Communications Inc. (CANCOM)  
Canadian Telecom Group Inc.  
Cardcaller Canada Inc.  
Caribe Via Toronto Inc.  
Cashcom Ltd.  
City Access Telecom Inc.  
City Dial Network Services Ltd.  
City Telecommunications Inc./ADI System  
Comet Telecom  
Commsen Communications Inc.  
Community Long-Distance Group of Toronto  
Competitive Telecommunications Association  
Compu-Tel  
Connectel Communications Corporation  
Concert Global Networks Limited  
CTX Telecommunications Inc.  
Cuthbert Richard & Associates  
Delaware Teleresources Inc.  
Delfin Communications  
DFD Telebroadcasting Inc.  
DH&A Network Services  
Dial-Tel Network  
Dial Telecom  
Direct Dial Inc.  
Disc Consultants Inc.  
Distance Communications Inc.  
Distributel Communications Limited  
Durham Discount Dialling Inc.  
Eastbound Marketing Inc.  
Econolink  
Econocall/Téléconomie  
EDC Telecom Canada  
Enhanced Services Provider Inc.  
Executive Telecard Ltd.  
Extend-A-Call  
Fastel Communications  
Fifth Wave Marketing  
Flat Rate Telecom Inc.  
fONOROLA  
Freedom Communications Network  
Gatelink Network Services Inc.  
GE Enterprises  
Generation Broadcasting Inc.  
Georgian Discount Dialling  
Georgetown Discount Dialling Inc.  
Global Faxmail Network Limited  
Greater Telecommunications Inc.  
Hospitality Information Services Inc.  
Interface Communications Solutions (ICS)  
ITN Corporation  
Inter-City Network  
International Telecommunication Services Inc.  
Intele Link  
Interface Communications Solutions  
ISM Corporation  
J-Tech Networking Systems & Services  
K-W Discount Dialling  
Lightel Inc.  
Link-On Telecomm  
London Telecom Network  
Long Distance Inc.  
Metcom Canada Limited  
Metro Telepoll Services  
Metro Link  
Metro Access Ltd.

Metro-Wide International Communications  
Metro-Wide Communications/Centex Telecommunications Ltd.  
Metro-Wide Residential Commercial Services  
Metrophone  
MHM Enterprises  
Milebar Network Systems Inc.  
Moir, Daryl  
Motorola Canada Ltd.  
MTI Communications  
989021 Ontario Inc. of Toronto  
National Telephone Corporation  
Network Teleconnect  
Netexchange Corporation  
Nexus Telecommunications Inc.  
Niagara Connections  
Niagara Telecom  
North American Gateway Inc.  
Northquest Telecom Inc.  
Nu-Mar Telecommunications Inc.  
1062908 Ontario Inc.  
OnePlus Long Distance  
Ontario Telecom Corporation  
Ontel Long Distance  
Olympo Call Company  
Orion Communications Inc.  
Owl Telecom Limited  
Perfect Health Group  
Preferred Telemangement Inc.  
Real Tel Communications  
Real-Tel Networks Inc.  
Rebel Communications  
Relay Communications (858692 Ontario Inc.)  
Richard Cuthbert & Associates  
RN (Regional Niagara) Computer Services  
Stratford Telecom  
Suburban Telephone Company Ltd.  
Simcoe-Wide Telecommunications Ltd.  
Simcoe County Long Distance Corporation  
Spinnaker Telecommunications Group  
Star Telecom Inc.  
STN (Smart Talk Network)  
Talk is Cheap  
Talk For Less  
Talking To Communications - RN Regional Niagara  
Computer Services  
Telecom Advantage  
Telecommunications Share Group  
Téléconomie/Econocall  
Télégestion Préférée Inc.  
Telecom Advantage  
Telecommunications Share Group  
Telegas  
Teleshop Communications Inc.  
Telenational Communications  
Telesavings Canada Inc.  
Telesolutions Corp.  
Tel-Line  
Telroute Communications Inc.  
The Long Distance Bureau of Canada  
Thrifty Call Canada Limited  
Toll Free Communications Inc.  
Toll-Free Telecom  
Toronto Telecom Co.  
Toronto Telephone Company  
Tru-City Telecom Corp.

TRI International, Inc.  
Uniglobe Telecommunications Inc.  
United Telecom Network  
Universal Telecommunications of Toronto  
Universal Telecommunications  
Unlimited Telecom Network  
Valu-Tel Communications  
Vertek Electronics Inc.  
Visiontel Communications Inc  
VSoft Communications  
Westel Telecommunications Ltd.  
Westinghouse Communications  
York University  
York Discount Dialling Inc.  
Zelda Communication

QUEBEC

Agence Daysak  
Agence Pierre Lamoureux Inc.  
Antillara Communications  
Captelco Inc.  
ClubTel (Girlec Telecom Inc)  
Communications Interlink Inc.  
Communication Mont-Tel  
Communications Cosmary  
Compitel Inc.  
ConQuest Operator Services Corp.  
Concept Tel  
Conquest International Telecommunications  
Continental Telecommunications  
C.R. Télécommunications Inc.  
Direct T.C.M.  
Ditell Consultants Inc.  
Economux Telecom Inc.  
Econet Telecommunications Corporation  
Enlance Communications  
Entreprises Maire Darbouze Inc.  
Girlec Telecom Inc. (Clubtel)  
Gratuitel  
INCOTEL  
Interban Inc.  
Inter-Cité 2000 Inc./Inter-Cité International Inc.  
Intelnet Inc.  
Inter-Urbains  
Isotel Communciations Inc.  
Les Interurbains Nationaux  
Les Services de Secrétariat Exécutif M & M Inc.  
Linka Tel  
LinkStar Marketing & Communications Inc.  
Metrix Interlink Corporation  
Michael's Forwarding Company Inc.  
M&M Inc.  
Minerva Communications  
Montreal Interconnection  
Optinet Télécommunications  
Phone - Service Enr.  
Pronto  
QTC Interurbains  
Quickall  
RAP International Television Video Production

Rapi-Tel Communications Services Inc.  
Silver Heron Communications  
Société de Radio et Télécommunications Média Casting  
Inc. Techno-Tell Inc.  
Téléamigo Communications  
Télé CEIBA  
Télééconomique  
R.P. Telecom Enr.  
STSI Telephone Co. Inc.  
3-A Télémeeting Inc.  
Tropicana Communications  
Union-Tel Communications Inc.

**NOVA SCOTIA**

Airway Broadcasting Co. Ltd.  
Cabletec Limited  
Long Distance Atlantic Inc.  
Long Distance Matters Communications Limited  
Miranda, Mr. Fidel  
Quality Connections Communications Inc.  
Rosenbrewer Communications  
SCL Atlantic  
Sonco Property Development and Services Company Inc.

**NEW BRUSWICK**

Buytel Inc.

**NEWFOUNDLAND**

Fernandez Enterprises Limited

**PRINCE EDWARD ISLAND**

Peinet Inc.

**BRITISH COLUMBIA**

BC 1-800 Marketing  
Blue Jay Communications  
Cam-Net Communications Inc.  
Canalink Communications Ltd.  
Carnes Creek Explorations Ltd.  
Consolidated Technologies, Inc.  
Crosstown Communications Inc.  
Dial & Save Communications  
Fourseas Asialink Corporation  
Glentel Inc.  
Global Teleworks B.C. Inc.  
Halton Discount Dialling Inc.  
Hogan Computer Corporation  
HongKong Telecom (Canada)  
Info-Tel Directory  
Infotouch Communication Systems  
Integrated Network Services Inc.  
Interfax Communications Inc. DBA Nexus Telecom  
777 Long Distance Inc.  
Marathon Telecommunications Corporation  
Max Communications Ltd.  
Marathon Telecommunications Funding Corporation  
Martel Corporation  
Maxtel Communications Groups (The)  
Net-Tel Communications International Ltd.  
Norstar Communications Inc.

P.M. Hayward & Associates  
Pacific Datanet - Canada  
Resort Long Distance Service  
Touchstone Communications Inc.  
Transpacific Telecommunications, Inc.  
Voice Telecommunications  
Whistler Telephone Company Ltd.

**SASKATCHEWAN**

General Recorders Ltd.

**MANITOBA**

Netlinks Telecom Inc.  
West Can Telecommunications Inc.

**UNITED STATES**

Cybercell Inc.  
EMI Communications Corporation  
GTE Telecom Incorporated  
ICON Communications Corporation  
INFO-TEL Inc.  
ICON Communications Corporation  
LCI International Telecom Corp.  
LDN Communications  
Network Sciences, Inc.  
Norstan Network Services Inc.  
Premiere Communications Inc.  
Quest Communications  
RD&J Communications Inc.  
RochesterTel (RCI Long Distance Canada Ltd.)  
Sonicraft Inc.  
Teledial America, Inc.  
The Liberty Group  
TTI Telecommunications Inc.  
U.S. Long Distance Inc.  
WXL Communications

**UNITED KINGDOM**

Esprit Telecom Ltd.

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**Appendix D**

U.S. Service Providers

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Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS  
SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1994  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	ALC COMMUNICATIONS CORP.	AT&T CORP.	AMERITECH CORP.	BELL ATLANTIC CORP.	BELLSOUTH CORP.	CITIZENS UTILITIES CO.
REVENUES	568	1/ 75,094	12,570	13,791	16,845	918
COSTS & EXPENSES	462	1/ 67,064	10,540	10,987	12,787	688
INTEREST EXPENSE	5	748	435	582	666	73
OTHER INCOME & ADJUSTMENTS 2/	0	236	(2,088)	(2,092)	11	53
INCOME TAXES	37	2,808	571	885	1,243	64
NET INCOME	64	4,710	(1,064)	(755)	2,160	144
EARNINGS PER SHARE	1.68	3.01	(1.94)	(1.73)	4.35	0.77
DIVIDENDS PER SHARE	0	1.32	1.94	2.76	2.76	0
AVG. SHARES OUTSTANDING (MIL)	34	1,564	549	437	497	188
TOTAL ASSETS	285	79,262	19,947	24,272	34,397	3,577
PROPERTY, PLANT & EQUIP. (NET)	59	22,035	13,455	16,938	25,162	2,570
LONG-TERM DEBT	82	11,358	4,448	6,806	7,435	994
SHAREHOLDERS' EQUITY	114	17,921	6,055	6,081	14,367	1,157
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	-	18,239	19,168	20,220	706
NUMBER OF EMPLOYEES	1,705	304,500	63,594	72,300	92,121	4,294

SELECTED FINANCIAL DATA	FRONTIER CORP.	GTE CORP. 3/	LCI INTERNATIONAL, INC.	MCI CORP.	NYNEX CORP.	PACIFIC TELESIS GROUP
REVENUES	985	19,994	464	13,338	13,307	9,235
COSTS & EXPENSES	762	15,098	413	11,882	11,550	7,041
INTEREST EXPENSE	44	1,059	9	153	674	455
OTHER INCOME & ADJUSTMENTS 2/	(12)	146	(60)	(23)	14	78
INCOME TAXES	64	1,532	(25)	485	304	658
NET INCOME	103	2,451	7	795	793	1,159
EARNINGS PER SHARE	1.40	2.55	0.03	1.32	1.89	2.73
DIVIDENDS PER SHARE	0.82	1.88	0	0.05	2.36	2.18
AVG. SHARES OUTSTANDING (MIL)	73	958	33	604	419	424
TOTAL ASSETS	1,761	42,500	470	16,366	30,068	20,139
PROPERTY, PLANT & EQUIP. (NET)	970	29,328	237	2,997	20,623	16,114
LONG-TERM DEBT	578	12,163	131	9,004	7,785	4,897
SHAREHOLDERS' EQUITY	823	10,483	202	4,713	8,581	5,233
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	918	22,859	-	-	16,600	15,298
NUMBER OF EMPLOYEES	4,240	111,000	1,136	40,667	70,600	51,590

SELECTED FINANCIAL DATA	PACIFICORP	SOUTHWESTERN BELL CORP.	SPRINT CORP.	U S WEST, INC.	THE WILLIAMS COMPANIES, INC. 4/
REVENUES	3,507	11,619	12,662	10,953	1,751
COSTS & EXPENSES	2,521	8,828	10,874	8,446	1,409
INTEREST EXPENSE	299	480	398	442	146
OTHER INCOME & ADJUSTMENTS 2/	38	123	(1)	218	133
INCOME TAXES	257	785	498	857	82
NET INCOME	468	1,649	891	1,426	247
EARNINGS PER SHARE	1.51	2.74	2.55	3.14	2.32
DIVIDENDS PER SHARE	1.08	1.58	1.00	2.14	0.84
AVG. SHARES OUTSTANDING (MIL)	283	601	349	453	91
TOTAL ASSETS	11,846	26,005	14,936	23,204	5,226
PROPERTY, PLANT & EQUIP. (NET)	8,446	17,317	10,879	13,997	3,124
LONG-TERM DEBT	3,768	5,848	4,605	5,101	1,308
SHAREHOLDERS' EQUITY	3,485	8,356	4,525	7,382	1,506
<b>OPERATING DATA:</b>					
CUSTOMER LINES (THOUS)	-	13,600	6,400	14,336	-
NUMBER OF EMPLOYEES	12,845	58,750	51,600	61,505	8,227

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10-K.

1/ OPERATING REVENUES AND COSTS FOR AT&amp;T INCLUDE \$17,797 MILLION IN ACCESS AND OTHER INTERCONNECTION CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

3/ INCLUDES NON-U.S. OPERATIONS. ACCESS LINES IN THE UNITED STATES TOTALED 17.4 MILLION.

4/ THE COMPANY REPORTED ITS TELECOMMUNICATIONS NETWORK SERVICE OPERATIONS (WITEL) AS DISCONTINUED OPERATIONS FOR 1994. ALTHOUGH THE SALE (TO LDDS COMMUNICATIONS, INC.) WAS NOT COMPLETED UNTIL JAN. 5, 1995.



Source: Federal Communications Commission (FCC)

## STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1993  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	ALC COMMUNICATIONS CORP.	AT&T	AMERITECH CORP.	BELL ATLANTIC CORP.	BELLSOUTH CORP.	CITIZENS UTILITIES COMPANY
REVENUES	436	1/ 67,156	11,710	12,990	15,880	619
COSTS & EXPENSES	368	1/ 60,918	9,152	10,193	13,593	458
INTEREST EXPENSE	10	566	464	612	689	37
OTHER INCOME & ADJUSTMENTS 2/	7	(7,238)	129	10	(146)	53
INCOME TAXES	19	2,230	710	792	572	52
NET INCOME	46	(3,794)	1,513	1,403	880	125
EARNINGS PER SHARE	1.23	(2.80)	2.76	3.22	1.77	0.71
DIVIDENDS PER SHARE	0	1.32	1.66	2.68	2.76	0
AVG. SHARES OUTSTANDING (MIL)	38	1,353	544	436	496	177
TOTAL ASSETS	194	80,768	23,426	29,544	32,673	2,627
PROPERTY, PLANT & EQUIP. (NET)	48	19,397	17,366	20,366	24,668	1,692
LONG-TERM DEBT	88	6,612	4,090	7,206	7,381	548
SHAREHOLDERS' EQUITY	42	13,850	7,845	6,224	13,494	974
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	-	17,560	16,645	19,332	340
NUMBER OF EMPLOYEES	1,488	308,700	67,192	73,600	95,084	2,987

SELECTED FINANCIAL DATA	GTE CORP. 3/	MCI CORP.	NYNEX CORP.	PACIFIC TELESIS GROUP	PACIFICORP	ROCHESTER TELEPHONE CORP.
REVENUES	19,748	11,921	13,408	9,244	3,412	906
COSTS & EXPENSES	17,183	10,653	13,074	6,582	2,497	711
INTEREST EXPENSE	1,197	176	660	509	323	47
OTHER INCOME & ADJUSTMENTS 2/	100	(90)	(241)	(1,647)	74	(15)
INCOME TAXES	568	416	(173)	10	187	50
NET INCOME	900	582	(394)	(1,504)	479	83
EARNINGS PER SHARE	0.93	1.04	(0.95)	(3.63)	1.80	2.42
DIVIDENDS PER SHARE	1.85	0	2.36	2.16	1.20	1.59
AVG. SHARES OUTSTANDING (MIL)	945	592	413	414	275	34
TOTAL ASSETS	41,575	11,276	29,458	23,437	11,959	1,510
PROPERTY, PLANT & EQUIP. (NET)	26,720	7,321	20,250	16,646	6,210	1,027
LONG-TERM DEBT	13,019	2,366	6,938	7,786	3,924	493
SHAREHOLDERS' EQUITY	8,593	4,713	8,416	6,251	3,263	675
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	22,065	-	16,130	14,873	399	932
NUMBER OF EMPLOYEES	117,000	36,235	76,200	60,050	13,635	4,376

SELECTED FINANCIAL DATA	SOUTHWESTERN BELL CORP.	SPRINT CORP.	U S WEST, INC.	THE WILLIAMS COMPANIES.
REVENUES	10,690	11,368	10,294	2,436
COSTS & EXPENSES	6,311	10,117	9,110	2,027
INTEREST EXPENSE	496	452	439	168
OTHER INCOME & ADJUSTMENTS 2/	(2,103)	(449)	(3,282)	132
INCOME TAXES	625	295	269	145
NET INCOME	(845)	55	(2,806)	232
EARNINGS PER SHARE	(1.41)	0.15	(6.69)	2.20
DIVIDENDS PER SHARE	1.51	1.00	2.14	0.78
AVG. SHARES OUTSTANDING (MIL)	600	344	419	103
TOTAL ASSETS	24,308	14,149	20,680	5,020
PROPERTY, PLANT & EQUIP. (NET)	17,092	10,315	13,232	3,679
LONG-TERM DEBT	5,459	4,571	5,423	1,605
SHAREHOLDERS' EQUITY	7,609	3,916	5,861	1,724
<b>OPERATING DATA:</b>				
CUSTOMER LINES (THOUS)	13,238	6,100	13,843	-
NUMBER OF EMPLOYEES	58,400	50,500	80,776	7,169

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10-K.

1/ OPERATING REVENUES AND COSTS FOR AT&amp;T INCLUDE \$17,709 MILLION IN ACCESS AND OTHER INTERCONNECTION CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

3/ INCLUDES NON-U.S. OPERATIONS. ACCESS LINES IN THE UNITED STATES TOTALED 17.1 MILLION.

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1992  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	ALC COMMUNICATIONS CORP.	AT&T	AMERITECH	BELL ATLANTIC CORP.	BELL SOUTH CORP.	CENTEL CORP.
REVENUES	376	1/ 64,904	11,153	12,647	15,202	1,191
COSTS & EXPENSES	335	1/ 58,835	8,809	10,141	12,041	1,009
INTEREST EXPENSE	17	663	503	695	746	126
OTHER INCOME & ADJUSTMENTS 2/	7	352	(1,813)	173	137	81
INCOME TAXES	10	2,151	628	643	934	63
NET INCOME	21	3,807	(400)	1,341	1,618	74
EARNINGS PER SHARE	0.74	2.86	(1.49)	3.13	3.30	0.88
DIVIDENDS PER SHARE	0	1.32	3.58	2.60	2.76	0.90
AVG. SHARES OUTSTANDING (MIL)	22	1,332	268	433	491	85
TOTAL ASSETS	143	57,188	22,818	28,100	31,463	3,460
PROPERTY, PLANT & EQUIP. (NET)	42	19,358	17,335	20,330	24,273	1,983
LONG TERM DEBT	12	8,604	4,588	7,348	7,360	1,179
SHAREHOLDERS' EQUITY	(21)	18,921	6,992	7,816	13,799	1,200
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	-	17,001	18,181	18,677	1,606
NUMBER OF EMPLOYEES	1,568	312,700	71,300	71,400	97,112	8,733

SELECTED FINANCIAL DATA	GTE CORP. 3/	MCI CORP.	NYNEX CORP.	PACIFIC TELESIS GROUP	PACIFICORP	ROCHESTER TELEPHONE CORP.
REVENUES	19,984	10,562	13,155	9,935	3,242	804
COSTS & EXPENSES	15,768	9,351	10,628	7,803	2,609	629
INTEREST EXPENSE	1,332	218	685	509	341	50
OTHER INCOME & ADJUSTMENTS 2/	(2,671)	(30)	39	136	(541)	(14)
INCOME TAXES	967	354	570	617	91	42
NET INCOME	(754)	609	1,311	1,142	(340)	69
EARNINGS PER SHARE	(0.86)	2.21	6.40	2.83	(1.42)	2.05
DIVIDENDS PER SHARE	1.76	0	4.64	2.18	1.52	1.54
AVG. SHARES OUTSTANDING (MIL)	905	296	205	403	267	33
TOTAL ASSETS	42,144	9,678	27,714	22,516	11,257	1,514
PROPERTY, PLANT & EQUIP. (NET)	29,820	6,165	19,973	17,337	7,858	1,049
LONG TERM DEBT	14,182	3,432	7,018	5,299	4,349	526
SHAREHOLDERS' EQUITY	10,078	3,150	9,724	8,251	3,545	622
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	21,400	-	15,699	14,551	379	896
NUMBER OF EMPLOYEES	131,208	30,964	81,900	81,346	12,783	4,701

SELECTED FINANCIAL DATA	SOUTHWESTERN BELL CORP.	SPRINT CORP.	U S WEST	THE WILLIAMS COMPANIES
REVENUES	10,015	9,230	10,281	2,448
COSTS & EXPENSES	7,818	8,175	7,877	2,191
INTEREST EXPENSE	530	385	626	162
OTHER INCOME & ADJUSTMENTS 2/	203	16	(1,857)	87
INCOME TAXES	568	229	535	44
NET INCOME	1,302	457	(614)	138
EARNINGS PER SHARE	4.34	2.07	(1.49)	2.72
DIVIDENDS PER SHARE	2.92	1.00	2.12	1.52
AVG. SHARES OUTSTANDING (MIL)	300	220	413	45
TOTAL ASSETS	23,810	10,188	27,964	4,982
PROPERTY, PLANT & EQUIP. (NET)	16,899	8,248	18,712	3,527
LONG TERM DEBT	5,716	3,535	6,737	1,683
SHAREHOLDERS' EQUITY	9,304	2,817	8,268	1,518
<b>OPERATING DATA:</b>				
CUSTOMER LINES (THOUS)	12,803	4,241	13,345	-
NUMBER OF EMPLOYEES	59,500	43,400	63,707	8,795

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10-K.

1/ OPERATING REVENUES AND COSTS FOR AT&T INCLUDE \$18,132 MILLION IN ACCESS AND OTHER INTERCONNECTION CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

3/ INCLUDES NON-U.S. OPERATIONS.

Source: Federal Communications Commission (FCC)

## STATISTICS OF COMMUNICATIONS COMMON CARRIERS

- SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1991  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	ALC COMMUNICATIONS CORP.	AT&T	AMERITECH	BELL ATLANTIC CORP.	BELL SOUTH CORP.	CENTEL CORP.
REVENUES	347	1/ 63,089	10,818	12,280	14,446	1,181
COSTS & EXPENSES	323	1/ 61,731	8,836	9,754	11,641	999
INTEREST EXPENSE	18	726	568	705	802	142
OTHER INCOME & ADJUSTMENTS 2/	2	251	242	(1,379)	222	176
INCOME TAXES	3	361	491	665	753	56
NET INCOME	5	522	1,165	(223)	1,472	160
EARNINGS PER SHARE	(0.02)	0.40	4.39	(0.53)	3.04	1.87
DIVIDENDS PER SHARE	0	1.32	3.43	2.52	2.76	0.88
AVG. SHARES OUTSTANDING (MIL)	17	1,293	265	395	484	85
TOTAL ASSETS	141	53,355	22,290	27,882	30,942	3,492
PROPERTY, PLANT & EQUIP. (NET)	42	18,689	16,986	19,982	24,059	1,925
LONG TERM DEBT	3	6,484	4,964	7,960	7,745	1,331
SHAREHOLDERS' EQUITY	(102)	16,228	8,097	7,831	13,105	1,167
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	-	16,584	17,750	18,100	1,597
NUMBER OF EMPLOYEES	1,550	317,100	73,967	75,700	96,084	9,291

SELECTED FINANCIAL DATA	GTE CORP. 3/	MCI CORP.	NEW VALLEY CORP. 4/	NYNEX CORP.	PACIFIC TELESIS GROUP	PACIFICORP
REVENUES	19,621	8,433	426	13,229	9,895	4,007
COSTS & EXPENSES	15,879	7,342	402	11,620	7,781	2,881
INTEREST EXPENSE	1,384	212	55	726	585	406
OTHER INCOME & ADJUSTMENTS 2/	(116)	(31)	0	90	113	10
INCOME TAXES	662	297	1	192	627	203
NET INCOME	1,580	551	(32)	601	1,015	507
EARNINGS PER SHARE	1.75	2.01	(0.46)	2.98	2.58	1.86
DIVIDENDS PER SHARE	1.64	0	0	4.56	2.14	1.47
AVG. SHARES OUTSTANDING (MIL)	882	296	185	202	400	258
TOTAL ASSETS	42,437	8,834	236	27,503	21,838	13,229
PROPERTY, PLANT & EQUIP. (NET)	29,323	5,697	45	19,915	17,117	9,129
LONG TERM DEBT	16,049	3,104	359	6,833	5,504	5,195
SHAREHOLDERS' EQUITY	11,313	2,959	(929)	9,120	7,729	4,004
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	20,227	-	-	15,410	14,300	357
NUMBER OF EMPLOYEES	162,000	27,857	1,800	83,900	62,236	15,722

SELECTED FINANCIAL DATA	ROCHESTER TELEPHONE CORP.	SOUTHWESTERN BELL CORP.	US WEST	UNITED TELECOM	WILLIAMS COMPANIES
REVENUES	703	9,332	10,577	8,780	2,105
COSTS & EXPENSES	558	7,198	8,118	7,767	1,828
INTEREST EXPENSE	45	578	768	407	162
OTHER INCOME & ADJUSTMENTS 2/	23	8	(951)	47	36
INCOME TAXES	46	488	187	191	41
NET INCOME	77	1,076	553	368	110
EARNINGS PER SHARE	2.48	3.58	1.38	1.68	2.35
DIVIDENDS PER SHARE	1.50	2.84	2.08	1.00	1.40
AVG. SHARES OUTSTANDING (MIL)	32	300	401	217	42
TOTAL ASSETS	1,476	23,179	27,854	10,464	4,247
PROPERTY, PLANT & EQUIP. (NET)	1,017	16,510	18,064	8,410	3,120
LONG TERM DEBT	591	5,675	7,629	3,696	1,540
SHAREHOLDERS' EQUITY	587	8,859	9,587	2,522	1,220
<b>OPERATING DATA:</b>					
CUSTOMER LINES (THOUS)	853	12,398	12,935	4,083	-
NUMBER OF EMPLOYEES	4,559	61,200	65,829	43,200	6,491

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10-K.

1/ OPERATING REVENUES AND COSTS FOR AT&amp;T INCLUDE \$18,395 MILLION IN ACCESS AND OTHER INTERCONNECTION CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

3/ INCLUDES DATA FOR CONTEL CORPORATION, WHICH MERGED WITH GTE ON MARCH 14, 1991, AND REFLECTS DISCONTINUANCE OF ITS ELECTRICAL PRODUCTS OPERATIONS.

4/ FORMERLY WESTERN UNION CORP.

Source: Federal Communications Commission (FCC)

## STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1990  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	ALC COMMUNICATIONS CORP.	AT&T	AMERITECH	BELL ATLANTIC CORP.	BELL SOUTH CORP.	CENTEL CORP.
REVENUES	326	1/ 37,285	10,663	12,298	14,345	1,149
COSTS & EXPENSES	329	32,460	8,473	9,688	11,315	959
INTEREST EXPENSE	21	828	475	660	774	135
OTHER INCOME & ADJUSTMENTS 2/	4	232	96	32	153	34
INCOME TAXES	0	1,494	557	670	778	24
NET INCOME	(20)	2,735	1,254	1,312	1,631	65
EARNINGS PER SHARE	(0.46)	2.51	4.73	3.38	3.38	0.75
DIVIDENDS PER SHARE	0	1.32	3.22	236	2.68	0.85
AVG. SHARES OUTSTANDING (MIL)	55	1,089	265	394	482	84
TOTAL ASSETS	149	43,775	21,715	27,999	30,207	3,543
PROPERTY, PLANT & EQUIP. (NET)	46	17,472	16,652	19,447	23,907	1,986
LONG TERM DEBT	22	9,118	5,074	8,171	7,781	1,420
SHAREHOLDERS' EQUITY	(102)	14,093	7,732	8,930	12,666	1,101
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	-	16,278	17,484	17,500	1,856
NUMBER OF EMPLOYEES	1,481	273,700	75,780	81,600	101,945	12,317

SELECTED FINANCIAL DATA	COMTEL CORP.	G T E CORP.	M C I CORP.	NYNEX CORP.	PACIFIC TELEESIS GROUP	PACIFICORP
REVENUES	3,423	18,374	7,680	13,585	9,716	3,783
COSTS & EXPENSES	2,868	14,922	7,060	11,570	7,489	2,695
INTEREST EXPENSE	351	1,011	213	700	649	377
OTHER INCOME & ADJUSTMENTS 2/	72	(211)	33	2	71	27
INCOME TAXES	89	689	141	368	619	210
NET INCOME	187	1,541	299	949	1,030	474
EARNINGS PER SHARE	1.17	2.26	1.06	4.78	2.59	1.85
DIVIDENDS PER SHARE	1.10	1.52	0	4.56	2.02	1.41
AVG. SHARES OUTSTANDING (MIL)	160	664	296	199	404	244
TOTAL ASSETS	7,363	33,769	8,249	26,651	21,581	12,372
PROPERTY, PLANT & EQUIP. (NET)	4,879	24,532	5,033	19,729	17,160	8,103
LONG TERM DEBT	1,983	11,974	3,147	6,945	5,611	4,672
SHAREHOLDERS' EQUITY	1,713	9,100	2,340	9,149	7,401	3,600
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	2,700	15,736	-	15,303	14,112	340
NUMBER OF EMPLOYEES	21,824	154,000	24,509	93,800	65,829	16,426

SELECTED FINANCIAL DATA	ROCHESTER TELEPHONE CORP.	SOUTHWESTERN BELL CORP.	US WEST	UNITED TELECOM	WESTERN UNION CORP.	WILLIAMS COMPANIES
REVENUES	562	9,113	9,957	8,345	593	1,822
COSTS & EXPENSES	455	7,061	7,524	7,491	541	1,607
INTEREST EXPENSE	26	584	733	397	125	142
OTHER INCOME & ADJUSTMENTS 2/	16	73	60	5	224	29
INCOME TAXES	25	440	561	153	2	25
NET INCOME	72	1,101	1,199	309	149	77
EARNINGS PER SHARE	2.82	3.67	3.11	1.43	0.59	1.58
DIVIDENDS PER SHARE	1.42	2.76	2.00	1.00	0	1.40
AVG. SHARES OUTSTANDING (MIL)	25	300	386	214	95	41
TOTAL ASSETS	1,053	22,196	27,050	10,553	275	4,034
PROPERTY, PLANT & EQUIP. (NET)	757	16,322	18,103	8,352	55	2,994
LONG TERM DEBT	338	5,483	7,175	3,974	676	1,368
SHAREHOLDERS' EQUITY	417	8,581	9,240	2,300	(860)	1,167
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	610	12,105	12,562	3,947	-	-
NUMBER OF EMPLOYEES	3,687	66,700	65,469	43,100	2,150	3,797

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10-K.

1/ OPERATING REVENUES AND EXPENSES FOR AT&amp;T ARE NET OF \$14,036 MILLION ACCESS CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

Source: Federal Communications Commission (FCC)

**STATISTICS OF COMMUNICATIONS COMMON CARRIERS**  
**SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1989**  
 (DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	AT&T	AMERITECH	BELL ATLANTIC CORP.	BELL SOUTH CORP.	CENTEL CORP.	CORTEL CORP.
REVENUES	1/ 36,112	10,211	11,449	13,996	1,188	3,114
COSTS & EXPENSES	31,834	8,056	9,436	10,999	1,006	2,504
INTEREST EXPENSES	691	401	543	776	179	224
OTHER INCOME & ADJUSTMENTS 2/	405	31	76	278	(1,146)	38
INCOME TAXES	1,295	547	671	758	(1,588)	137
NET INCOME	2,697	1,238	1,075	1,741	445	287
EARNINGS PER SHARE	2.50	4.59	5.43	3.64	5.11	1.80
DIVIDENDS PER SHARE	1.20	2.98	4.40	2.52	1.49	1.09
AVG. SHARES OUTSTANDING (MIL)	1,077	270	198	478	87	159
TOTAL ASSETS	37,687	19,833	26,220	30,050	3,417	5,846
PROPERTY, PLANT & EQUIP. (NET)	15,919	16,296	18,874	23,742	2,103	4,670
LONG TERM DEBT	8,144	5,069	7,721	7,055	1,373	1,978
SHAREHOLDERS' EQUITY	12,738	7,686	8,591	13,103	1,119	1,653
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	15,899	17,056	17,000	1,591	2,591
NUMBER OF EMPLOYEES	283,500	77,326	79,100	101,230	12,546	21,800

SELECTED FINANCIAL DATA	G T E CORP.	H C I CORP.	HYNEX CORP.	PACIFICORP	PACIFIC TELESIS GROUP	SOUTHWESTERN BELL CORP.
REVENUES	17,424	6,471	13,211	3,717	9,593	8,730
COSTS & EXPENSES	14,235	5,489	11,454	2,680	7,072	6,717
INTEREST EXPENSES	899	238	691	351	548	584
OTHER INCOME & ADJUSTMENTS 2/	(226)	15	8	(13)	31	51
INCOME TAXES	647	201	266	233	762	387
NET INCOME	1,417	558	808	466	1,262	1,093
EARNINGS PER SHARE	4.16	2.09	4.10	1.81	3.02	3.64
DIVIDENDS PER SHARE	2.80	0	4.36	1.35	1.88	2.60
AVG. SHARES OUTSTANDING (MIL)	330	296	197	246	411	301
TOTAL ASSETS	31,986	6,338	25,909	11,895	21,194	21,161
PROPERTY, PLANT & EQUIP. (NET)	21,876	4,753	19,465	7,548	17,079	16,078
LONG TERM DEBT	10,909	2,241	6,465	4,395	5,325	5,656
SHAREHOLDERS' EQUITY	8,403	1,995	9,369	3,007	7,888	8,367
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	15,141	-	14,961	253	13,662	11,759
NUMBER OF EMPLOYEES	158,000	19,198	95,400	15,492	68,452	66,200

SELECTED FINANCIAL DATA	US WEST	UNITED TELECOM	WESTERN UNION CORP.
REVENUES	9,691	7,549	629
COSTS & EXPENSES	7,497	6,639	581
INTEREST EXPENSES	699	360	115
OTHER INCOME & ADJUSTMENTS 2/	50	(22)	35
INCOME TAXES	434	165	0
NET INCOME	1,111	363	(32)
EARNINGS PER SHARE	6.02	1.72	(1.53)
DIVIDENDS PER SHARE	3.76	0.97	0
AVG. SHARES OUTSTANDING (MIL)	185	209	67
TOTAL ASSETS	25,426	9,821	545
PROPERTY, PLANT & EQUIP. (NET)	17,413	7,885	237
LONG TERM DEBT	7,248	3,747	1,013
SHAREHOLDERS' EQUITY	8,071	2,077	(949)
<b>OPERATING DATA:</b>			
CUSTOMER LINES (THOUS)	12,218	3,812	-
NUMBER OF EMPLOYEES	70,587	41,359	4,250

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10K.  
 1/ OPERATING REVENUES AND EXPENSES FOR AT&T ARE NET OF \$14,864 MILLION ACCESS CHARGES.  
 2/ INCLUDES EXTRAORDINARY ITEMS.

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF REPORTING CARRIERS AS OF DECEMBER 31, 1988  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

SELECTED FINANCIAL DATA	AT&T	AMERITECH	BELL ATLANTIC CORP.	BELL SOUTH CORP.	CENTEL CORP.	CONTEL CORP.
REVENUES	1/ 35,210	9,903	10,880	13,597	1,095	2,964
COSTS & EXPENSES	38,277	7,771	8,635	10,557	864	2,356
INTEREST EXPENSES	584	384	507	699	113	210
OTHER INCOME & ADJUSTMENTS 2/	269	70	109	90	58	56
INCOME TAXES	(1,713)	581	530	765	41	178
NET INCOME	(1,669)	1,237	1,317	1,666	135	276
EARNINGS PER SHARE	(1.55)	4.55	6.65	3.51	2.13	3.50
DIVIDENDS PER SHARE	1.20	2.76	4.08	2.36	1.17	2.06
AVG. SHARES OUTSTANDING (MIL)	1,074	272	200	474	63	79
TOTAL ASSETS	35,152	19,163	24,729	28,472	3,753	5,865
PROPERTY, PLANT & EQUIP. (NET)	15,280	16,078	18,174	23,455	2,022	4,404
LONG TERM DEBT	8,128	4,487	6,557	7,031	1,606	1,949
SHAREHOLDERS' EQUITY	11,465	7,844	9,177	11,839	958	1,573
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	-	15,469	16,541	16,407	1,503	2,470
NUMBER OF EMPLOYEES	304,200	77,334	81,000	100,280	13,158	23,000

SELECTED FINANCIAL DATA	G T E CORP.	M C I CORP.	NYNEX CORP.	PACIFICORP	PACIFIC TELEISIS GROUP	SOUTHWESTERN BELL CORP.
REVENUES	16,460	5,137	12,661	3,519	9,483	8,453
COSTS & EXPENSES	13,408	4,553	10,423	2,473	6,990	6,496
INTEREST EXPENSES	914	247	621	342	619	598
OTHER INCOME & ADJUSTMENTS 2/	(297)	75	71	(37)	77	51
INCOME TAXES	616	66	373	220	763	350
NET INCOME	1,225	346	1,315	447	1,188	1,060
EARNINGS PER SHARE	3.58	1.23	6.63	3.46	2.81	3.53
DIVIDENDS PER SHARE	2.60	0	4.04	2.61	1.76	2.48
AVG. SHARES OUTSTANDING (MIL)	329	290	198	123	423	301
TOTAL ASSETS	31,104	5,843	25,362	11,396	21,191	20,985
PROPERTY, PLANT & EQUIP. (NET)	21,340	4,363	19,289	7,280	17,155	16,304
LONG TERM DEBT	9,705	2,677	6,241	4,347	5,475	5,039
SHAREHOLDERS' EQUITY	9,493	1,359	9,420	2,936	8,085	8,504
<b>OPERATING DATA:</b>						
CUSTOMER LINES (THOUS)	14,373	-	14,851	240	13,093	11,340
NUMBER OF EMPLOYEES	159,000	17,596	97,400	16,418	69,696	64,900

SELECTED FINANCIAL DATA	US WEST	UNITED TELECOM	WESTERN UNION CORP.
REVENUES	9,221	6,493	876
COSTS & EXPENSES	7,192	6,265	1,847
INTEREST EXPENSES	589	320	111
OTHER INCOME & ADJUSTMENTS 2/	189	599	0
INCOME TAXES	497	(2)	0
NET INCOME	1,132	509	(1,082)
EARNINGS PER SHARE	6.17	4.95	(28.30)
DIVIDENDS PER SHARE	3.52	1.92	0
AVG. SHARES OUTSTANDING (MIL)	183	102	41
TOTAL ASSETS	22,416	9,817	661
PROPERTY, PLANT & EQUIP. (NET)	17,007	7,318	286
LONG TERM DEBT	6,466	3,675	1,067
SHAREHOLDERS' EQUITY	7,786	1,877	(891)
<b>OPERATING DATA:</b>			
CUSTOMER LINES (THOUS)	11,878	3,685	-
NUMBER OF EMPLOYEES	69,765	37,700	5,500

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10K.

1/ OPERATING REVENUES AND EXPENSES FOR AT&T ARE NET OF \$16,764 MILLION ACCESS CHARGES.

2/ INCLUDES EXTRAORDINARY ITEMS.

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF FULLY SUBJECT CARRIERS AS OF DECEMBER 31, 1987  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

1

SELECTED FINANCIAL DATA	GENERAL ELECTRIC COMPANY	AT&T	G T E CORP.	BELL SOUTH CORP.	NYNEX CORP.	BELL ATLANTIC CORP.
REVENUES	40,515 1/	33,598	15,421	12,269	12,084	10,298
COSTS & EXPENSES	36,663	30,122	12,268	10,604	9,692	7,952
INTEREST EXPENSES	645	634	838	611	508	514
INCOME TAXES	1,088	1,132	633	1,036	678	714
OTHER INCOME & ADJUSTMENTS	796	334	(563)	1,647	71	122
NET INCOME	2,915	2,044	1,119	1,665	1,277	1,240
EARNINGS PER SHARE	3.20	1.88	3.29	3.46	6.26	6.24
DIVIDENDS PER SHARE	1.33	1.20	2.48	2.20	3.80	3.84
AVG. SHARES OUTSTANDING (MIL)	912	1,073	329	481	204	199
TOTAL ASSETS	38,920	38,426	28,745	27,417	22,786	21,245
PROPERTY, PLANT & EQUIP. (NET)	9,255	20,681	20,971	22,678	18,531	17,245
LONG TERM DEBT	4,491	7,243	9,587	6,320	6,076	5,199
OPERATING DATA:						
CUSTOMER LINES (THOUS)	-	-	13,635	15,700	14,415	16,056
NUMBER OF EMPLOYEES	302,000	303,000	161,000	98,700	95,300	80,950
	AMERITECH	PACIFIC TELESIS GROUP	I T T CORP.	US WEST	SOUTHWESTERN BELL CORP.	M C I CORP.
REVENUES	9,536	9,131 2/	8,551	8,445	8,003	3,939
COSTS & EXPENSES	7,273	7,026	7,979	6,449	5,922	3,704
INTEREST EXPENSES	369	541	343	467	511	169
INCOME TAXES	721	650	250	568	544	21
OTHER INCOME & ADJUSTMENTS	15	36	1,039	44	21	43
NET INCOME	1,188	950	1,018	1,005	1,047	88
EARNINGS PER SHARE	8.47	2.21	6.76	5.31	3.48	.31
DIVIDENDS PER SHARE	5.10	1.64	1.06	3.28	2.32	0
AVG. SHARES OUTSTANDING (MIL)	140	431	150	190	301	287
TOTAL ASSETS	18,784	21,056	13,354	19,095	21,500	5,380
PROPERTY, PLANT & EQUIP. (NET)	15,933	17,192	3,174	15,721	16,740	3,854
LONG TERM DEBT	4,389	5,321	2,478	4,949	5,649	2,663
OPERATING DATA:						
CUSTOMER LINES (THOUS)	15,094	12,525	-	11,613	11,105	-
NUMBER OF EMPLOYEES	78,510	71,877	120,000	68,523	67,100	14,236
	UNITED TELECOM	CONTEL CORP.	PACIFICORP	WESTERN UNION CORP.	U N C RESOURCES	
REVENUES	2,982	2,905	2,163	802	496	
COSTS & EXPENSES	2,446	2,592	1,539	783	463	
INTEREST EXPENSES	130	177	199	84	15	
INCOME TAXES	167	68	170	0	8	
OTHER INCOME & ADJUSTMENTS	(291)	(25)	11	153	8	
NET INCOME	(52)	43	266	88	18	
EARNINGS PER SHARE	(0.55)	.55	3.60	2.55	1.07	
DIVIDENDS PER SHARE	1.92	1.97	2.49	0	0	
AVG. SHARES OUTSTANDING (MIL)	100	78	69	26	17	
TOTAL ASSETS	6,558	5,513	5,726	1,540	440	
PROPERTY, PLANT & EQUIP. (NET)	4,344	4,153	4,181	954	146	
LONG TERM DEBT	3,048	1,848	2,085	771	176	
OPERATING DATA:						
CUSTOMER LINES (THOUS)	3,517	2,380	230	-	-	
NUMBER OF EMPLOYEES	23,325	21,722	11,932	6,700	4,260	

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10K.

1/OPERATING REVENUES FOR AT&T ARE NET OF \$17,611 MILLION ACCESS REVENUES.

2/OPERATING REVENUES FOR ITT CORP. DO NOT INCLUDE \$10,973 MILLION IN REVENUES FOR INSURANCE AND FINANCE SEGMENT

Source: Federal Communications Commission (FCC)

SELECTED DATA OF HOLDING COMPANIES OF FULLY SUBJECT CARRIERS AS OF DECEMBER 31, 1986

( DOLLAR AMOUNTS SHOWN IN MILLIONS )

SELECTED FINANCIAL DATA	GENERAL ELECTRIC COMPANY	AT&T	G T E CORP.	BELL SOUTH CORP.	NYNEX CORP.	BELL ATLANTIC CORP.
REVENUES.....	36,725	1/ 34,067	15,112	11,444	11,341	9,921
COSTS AND EXPENSES.....	32,411	33,755	11,873	7,899	8,826	7,457
INTEREST EXPENSE.....	625	613	778	653	499	467
INCOME TAXES.....	1,200	-193	906	1,303	890	905
OTHER INCOME & ADJUSTMENTS....	3	227	371	-	89	75
NET INCOME.....	2,492	139	1,184	1,589	1,215	1,167
EARNINGS PER SHARE.....	5.46	0.05	3.53	3.39	6.01	5.85
DIVIDENDS PER SHARE.....	2.37	1.20	2.20	2.04	3.48	3.60
AVG. SHARES OUTSTANDING (MIL.)	456	1,071	326	470	202	199.6
TOTAL ASSETS.....	34,591	38,883	27,402	26,218	21,805	21,091
PROPERTY, PLANT & EQUIP.-NET..	9,841	21,078	20,115	22,169	17,904	16,932
LONG TERM DEBT.....	4,351	7,309	8,881	6,255	5,476	4,957
OPERATING DATA:						
CUSTOMER LINES (THOU).....	-	-	13,087	15,000	14,000	15,509
NUMBER OF EMPLOYEES.....	359,000	316,900	160,000	96,900	90,200	80,185

SELECTED FINANCIAL DATA	AMERITECH	PACIFIC TELESIS GROUP	U S WEST	SOUTHWESTERN BELL CORP.	I T T CORP.	M C I CORP.
REVENUES.....	9,362	8,977	8,309	7,902	2/ 7,596	3,592
COSTS AND EXPENSES.....	6,937	6,488	6,362	5,705	7,313	4,036
INTEREST EXPENSE.....	390	554	453	543	368	187
INCOME TAXES.....	929	877	652	711	569	32
OTHER INCOME & ADJUSTMENTS....	33	21	82	80	1,148	-215
NET INCOME.....	1,139	1,079	924	1,023	494	-448
EARNINGS PER SHARE.....	7.87	5.02	4.86	10.26	3.23	-1.77
DIVIDENDS PER SHARE.....	4.79	3.04	3.04	6.40	1.00	-
AVG. SHARES OUTSTANDING (MIL.)	144.6	215	190	100	152	284
TOTAL ASSETS.....	18,739	20,321	18,747	20,300	12,920	5,258
PROPERTY, PLANT & EQUIP.-NET..	15,789	17,245	15,614	16,727	3,232	3,710
LONG TERM DEBT.....	4,497	5,515	4,909	4,912	2,527	2,676
OPERATING DATA:						
CUSTOMER LINES (THOU).....	14,755	12,063	11,332	11,083	-	-
NUMBER OF EMPLOYEES.....	71,170	74,937	69,375	67,500	123,000	13,650

SELECTED FINANCIAL DATA	CONTEL CORP.	UNITED TELECOM	PACIFICORP	WESTERN UNION CORP.	U N C RESOURCES
REVENUES.....	3,074	3,059	2,067	889	572
COSTS AND EXPENSES.....	2,482	2,050	1,408	1,341	540
INTEREST EXPENSE.....	187	135	217	91	11
INCOME TAXES.....	181	373	177	-	10
OTHER INCOME & ADJUSTMENTS....	9	-320	-14	12	7
NET INCOME.....	233	181	251	-531	18
EARNINGS PER SHARE.....	3.04	1.81	3.45	-	1.02
DIVIDENDS PER SHARE.....	1.86	1.92	2.40	-	-
AVG. SHARES OUTSTANDING (MIL.)	77	98	67	26	35
TOTAL ASSETS.....	5,385	6,379	5,521	1,245	409
PROPERTY, PLANT & EQUIP.-NET..	4,107	4,281	4,106	1,000	138
LONG TERM DEBT.....	1,910	2,683	42	78	137
OPERATING DATA:					
CUSTOMER LINES (THOU).....	2,280	3,381	-	-	-
NUMBER OF EMPLOYEES.....	23,098	23,245	10,620	0,125	6,295

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10K.

1/ OPERATING REVENUES FOR AT&T ARE NET OF \$19,593 MILLION ACCESS REVENUES.

2/ OPERATING REVENUES FOR I T T CORP. DO NOT INCLUDE \$9,841 MILLION IN REVENUES FOR INSURANCE AND FINANCE.



Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF HOLDING COMPANIES OF FULLY SUBJECT CARRIERS AS OF DECEMBER 31, 1985

( DOLLAR AMOUNTS SHOWN IN MILLIONS )

SELECTED FINANCIAL DATA	AT&T	G T E CORP.	I T T CORP.	MCDONNELL DOUGLAS CORP.	BELL SOUTH CORP.	NYNEX CORP.
REVENUES.....	1/ 34,910	15,732	2/ 11,871	11,478	10,664	10,314
COSTS AND EXPENSES.....	31,923	12,757	11,307	11,029	7,498	8,004
INTEREST EXPENSE.....	692	803	532	95	684	517
INCOME TAXES.....	990	-9	158	196	1,064	796
OTHER INCOME & ADJUSTMENTS.....	252	-2,342	420	188	-	98
NET INCOME.....	1,557	-161	294	346	1,418	1,095
EARNINGS PER SHARE.....	1.37	-0.95	1.89	8.60	4.69	10.85
DIVIDENDS PER SHARE.....	1.20	3.12	1.00	1.84	2.80	6.40
AVG. SHARES OUTSTANDING (MIL.)	1,057.9	208.3	142.1	40.3	302.1	101.0
TOTAL ASSETS.....	40,463	26,558	14,272	7,268	25,008	20,600
PROPERTY, PLANT & EQUIP.-NET..	22,113	21,168	4,414	1,700	21,234	17,107
LONG TERM DEBT.....	7,698	8,295	2,577	603	6,471	5,403

OPERATING DATA:						
CUSTOMER LINES (THOU).....	-	12,343	-	-	14,500	13,600
NUMBER OF EMPLOYEES.....	338,000	183,000	232,000	97,067	92,500	89,600

SELECTED FINANCIAL DATA	BELL ATLANTIC CORP.	AMERITECH	R C A CORP.	PACIFIC TELESIS GROUP	SOUTHWESTERN BELL CORP.	U S WEST
REVENUES.....	9,084	9,021	8,972	8,498	7,925	7,813
COSTS AND EXPENSES.....	6,760	6,732	8,332	6,245	5,802	5,819
INTEREST EXPENSE.....	483	422	130	596	540	457
INCOME TAXES.....	810	819	126	778	655	680
OTHER INCOME & ADJUSTMENTS.....	62	30	-15	50	68	69
NET INCOME.....	1,093	1,078	369	929	996	926
EARNINGS PER SHARE.....	10.94	11.02	3.79	9.08	10.00	9.68
DIVIDENDS PER SHARE.....	6.80	6.60	1.04	5.72	6.00	5.72
AVG. SHARES OUTSTANDING (MIL.)	99.9	97.8	90.1	102.3	99.6	95.6
TOTAL ASSETS.....	19,788	18,149	6,705	19,538	19,291	17,975
PROPERTY, PLANT & EQUIP.-NET..	16,537	15,362	1,990	16,968	16,140	15,242
LONG TERM DEBT.....	4,891	4,518	838	5,804	5,001	4,733

OPERATING DATA:						
CUSTOMER LINES (THOU).....	15,090	14,555	-	11,692	10,898	11,195
NUMBER OF EMPLOYEES.....	79,265	74,883	87,000	71,488	71,400	70,202

SELECTED FINANCIAL DATA	UNITED TELECOM	CONTINENTAL TELECOM INC.	M C I CORP.	PACIFICORP	WESTERN UNION CORP.	U N C RESOURCES
REVENUES.....	3,198	2,557	2,542	1,983	983	353
COSTS AND EXPENSES.....	2,365	2,116	2,336	1,399	1,290	343
INTEREST EXPENSE.....	138	168	201	225	90	7
INCOME TAXES.....	-65	158	28	109	-4	-2
OTHER INCOME & ADJUSTMENTS.....	-739	125	136	-2	26	13
NET INCOME.....	21	240	113	248	-367	18
EARNINGS PER SHARE.....	0.18	3.21	0.48	3.44	-16.07	0.81
DIVIDENDS PER SHARE.....	1.92	1.78	-	2.34	-	-
AVG. SHARES OUTSTANDING (MIL.)	93.7	74.0	-	63.9	24.4	22.0
TOTAL ASSETS.....	5,767	5,074	4,510	5,122	1,818	390
PROPERTY, PLANT & EQUIP.-NET..	4,718	3,817	3,045	3,982	1,525	130
LONG TERM DEBT.....	1,948	1,759	1,696	71	80	79

OPERATING DATA:						
CUSTOMER LINES (THOU).....	3,257	2,275	-	-	-	-
NUMBER OF EMPLOYEES.....	27,415	21,926	12,445	10,169	9,040	6,175

SOURCE: COMPANY ANNUAL REPORTS TO SHAREHOLDERS AND ANNUAL REPORTS FORM 10K.  
 1/ OPERATING REVENUES FOR AT&T ARE NET OF \$21,521 MILLION ACCESS REVENUES.  
 2/ OPERATING REVENUES FOR ITT CORP. DO NOT INCLUDE \$8,136 MILLION IN REVENUES FOR INSURANCE AND FINANCE.

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF TELEPHONE AND TELEGRAPH CARRIERS REPORTING TO THE COMMISSION FOR THE YEAR ENDED DECEMBER 31, 1983

(FIGURES SHOWN IN THOUSANDS, EXCEPT NUMBER OF CARRIERS)

ITEM	TELEPHONE CARRIERS 1/	TELEGRAPH CARRIERS			TELEPHONE AND TELEGRAPH CARRIERS
		TOTAL TELEGRAPH CARRIERS	DOMESTIC TELEGRAPH CARRIER	OVERSEAS TELEGRAPH CARRIERS	
NUMBER OF CARRIERS.....	62	7	1	6	69
GROSS BOOK COST OF COMMUNICATION PLANT....	\$184,181,775	\$3,654,449	\$2,503,656	\$1,150,793	\$187,836,224
DEPRECIATION AND AMORTIZATION RESERVES....	39,654,610	1,144,064	694,822	449,242	40,798,674
NET BOOK COST OF COMMUNICATION PLANT.....	144,527,165	2,510,384	1,808,833	701,551	147,037,549
CAPITAL STOCK.....	4,320,508	89,090	81,895	7,195	4,409,598
LONG-TERM DEBT.....	50,700,533	549,185	445,073	104,112	51,249,718
TOTAL RETAINED EARNINGS.....	29,105,278	917,873	376,653	541,420	30,023,151
OPERATING REVENUES.....	74,980,599	1,338,511	722,096	616,415	76,319,110
OPERATING EXPENSES.....	50,928,259	912,136	474,252	437,884	51,840,395
DIVIDENDS DECLARED.....	6,455,066	63,451	43,401	20,050	6,518,517
MILES (NAUTICAL) OF OCEAN CABLE.....	27	N.A.	N.A.	N.A.	27
MILES OF WIRE.....	1,260,351	N.A.	N.A.	N.A.	1,260,351
NUMBER OF TELEPHONES 2/.....	N.A.	0	0	0	N.A.
TELEPHONE CALLS ORIGINATING FROM COMPANY AND SERVICE TELEPHONES DURING YEAR: 3/					
LOCAL.....	309,510,468	0	0	0	309,510,468
TOLL.....	39,940,694	0	0	0	39,940,694
NUMBER OF TELEGRAPH MESSAGES 3/.....	0	53,222	42,254	10,968	53,222
NUMBER OF EMPLOYEES AT END OF OCTOBER.....	N.A.	N.A.	N.A.	N.A.	N.A.
TOTAL COMPENSATION FOR YEAR.....	25,127,214	500,180	314,602	185,578	25,627,394

N.A. - NOT AVAILABLE

NOTE--SEE TABLES 16 AND 34 FOR DATA OF INDIVIDUAL CARRIERS.

1/ INTERCOMPANY DUPLICATIONS, EXCEPT IN MINOR INSTANCES, HAVE BEEN ELIMINATED.

2/ INCLUDES COMPANY, SERVICE AND PRIVATE LINE TELEPHONES.

3/ PARTLY ESTIMATED BY REPORTING CARRIERS. THE NUMBER OF TELEGRAPH MESSAGES SHOWN INCLUDE THE DOMESTIC TRANSMISSION OF TRANSOCEANIC AND MARINE MESSAGES.

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

SELECTED DATA OF TELEPHONE AND TELEGRAPH CARRIERS REPORTING TO THE COMMISSION FOR THE YEAR ENDED DECEMBER 31, 1980

(FIGURES SHOWN IN THOUSANDS, EXCEPT NUMBER OF CARRIERS)

ITEM	TELEPHONE CARRIERS 1/	TELEGRAPH CARRIERS			TELEPHONE AND TELEGRAPH CARRIERS
		TOTAL TELEGRAPH CARRIERS	DOMESTIC TELEGRAPH CARRIER	OVERSEAS TELEGRAPH CARRIERS	
NUMBER OF CARRIERS.....	59	8	1	7	67
GROSS BOOK COST OF COMMUNICATION PLANT....	\$147,397,105	\$2,903,239	\$2,101,007	\$802,232	\$150,300,344
DEPRECIATION AND AMORTIZATION RESERVES....	26,543,950	946,589	658,860	287,729	27,490,539
NET BOOK COST OF COMMUNICATION PLANT.....	120,853,155	1,956,650	1,442,147	514,503	122,809,805
CAPITAL STOCK.....	16,294,931	99,238	89,555	9,683	16,394,169
LONG-TERM DEBT.....	46,759,098	485,907	374,152	111,755	47,245,005
TOTAL RETAINED EARNINGS.....	25,158,173	685,106	237,139	447,967	25,843,279
OPERATING REVENUES.....	55,630,396	1,231,789	696,972	534,817	56,862,185
OPERATING EXPENSES.....	37,303,701	954,762	572,513	382,249	38,258,463
DIVIDENDS DECLARED.....	4,295,953	98,739	44,231	54,508	4,394,692
MILES (NAUTICAL) OF OCEAN CABLE.....	31,477	N.A.	N.A.	N.A.	31,477
MILES OF WIRE.....	1,130,984	N.A.	N.A.	N.A.	1,130,984
NUMBER OF TELEPHONES 2/.....	156,859	0	0	0	156,859
TELEPHONE CALLS ORIGINATING FROM COMPANY AND SERVICE TELEPHONES DURING YEAR: 3/					
LOCAL.....	279,485,055	0	0	0	279,485,055
TOLL.....	31,704,010	0	0	0	31,704,010
NUMBER OF TELEGRAPH MESSAGES 3/.....	0	75,470	55,014	20,456	75,470
NUMBER OF EMPLOYEES AT END OF OCTOBER.....	4/ 938	18	12	6	956
TOTAL COMPENSATION FOR YEAR.....	20,167,667	296,709	171,321	125,388	20,464,376

N.A. - NOT AVAILABLE

NOTE--SEE TABLES 16 AND 34 FOR DATA OF INDIVIDUAL CARRIERS

1/ INTERCOMPANY DUPLICATIONS, EXCEPT IN MINOR INSTANCES, HAVE BEEN ELIMINATED.

2/ INCLUDES COMPANY, SERVICE AND PRIVATE LINE TELEPHONES

3/ PARTLY ESTIMATED BY REPORTING CARRIERS. THE NUMBER OF TELEGRAPH MESSAGES SHOWN INCLUDE THE DOMESTIC TRANSMISSION OF TRANSOCEANIC AND MARINE MESSAGES.

4/ NUMBER OF EMPLOYEES AT THE END OF DECEMBER

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

TELEPHONE DEVELOPMENT BY STATE

STATE	PERCENT OF HOUSEHOLDS WITH TELEPHONE SERVICE				
	MARCH 1994	JULY 1994	NOVEMBER 1994	MARCH 1995	
ALABAMA	90.7	91.6	91.7	92.3	AL
ALASKA	91.6	88.9	95.0	93.9	AK
ARIZONA	94.1	93.0	94.7	91.5	AZ
ARKANSAS	90.0	88.5	92.0	89.1	AR
CALIFORNIA	95.2	94.4	94.8	94.7	CA
COLORADO	95.7	98.0	96.4	96.9	CO
CONNECTICUT	96.4	96.8	96.2	96.5	CT
DELAWARE	95.8	95.6	95.1	96.1	DE
DISTRICT OF COLUMBIA	88.9	90.4	90.7	92.0	DC
FLORIDA	92.6	93.2	94.7	94.1	FL
GEORGIA	93.2	92.9	87.3	91.4	GA
HAWAII	94.5	94.7	93.9	95.6	HI
IDAHO	94.8	95.4	94.1	94.5	ID
ILLINOIS	93.5	94.0	93.3	92.9	IL
INDIANA	92.9	93.5	94.6	94.0	IN
IOWA	96.3	96.9	97.3	95.9	IA
KANSAS	94.2	95.0	94.8	94.9	KS
KENTUCKY	89.9	91.7	92.1	91.1	KY
LOUISIANA	91.5	91.5	91.1	90.9	LA
MAINE	95.0	96.4	96.7	95.5	ME
MARYLAND	95.5	94.9	96.3	94.7	MD
MASSACHUSETTS	96.2	97.4	96.0	96.0	MA
MICHIGAN	95.5	94.8	94.8	95.3	MI
MINNESOTA	96.4	93.7	96.5	96.8	MN
MISSISSIPPI	88.7	87.8	89.2	87.1	MS
MISSOURI	92.1	93.2	96.1	93.9	MO
MONTANA	95.4	94.3	91.9	96.2	MT
NEBRASKA	96.9	97.3	95.9	97.2	NE
NEVADA	92.8	95.8	90.3	92.3	NV
NEW HAMPSHIRE	95.8	97.3	96.0	95.3	NH
NEW JERSEY	93.9	92.1	92.8	92.6	NJ
NEW MEXICO	88.6	87.2	89.0	89.7	NM
NEW YORK	93.5	93.0	92.7	93.2	NY
NORTH CAROLINA	92.8	93.0	92.1	92.5	NC
NORTH DAKOTA	96.3	96.9	96.4	97.6	ND
OHIO	94.6	94.7	95.1	93.9	OH
OKLAHOMA	93.3	91.1	91.0	91.4	OK
OREGON	96.2	93.7	98.4	96.5	OR
PENNSYLVANIA	97.2	97.0	96.6	96.6	PA
RHODE ISLAND	96.2	95.5	95.9	96.5	RI
SOUTH CAROLINA	87.7	90.9	89.5	90.7	SC
SOUTH DAKOTA	94.8	94.5	94.9	94.9	SD
TENNESSEE	92.8	92.7	93.9	92.5	TN
TEXAS	91.5	90.6	90.1	91.6	TX
UTAH	96.6	95.5	95.0	98.0	UT
VERMONT	94.7	96.3	92.9	96.4	VT
VIRGINIA	94.6	94.7	95.0	96.9	VA
WASHINGTON	95.7	95.2	97.0	95.4	WA
WEST VIRGINIA	90.5	90.6	91.3	92.5	WV
WISCONSIN	97.0	95.8	95.5	98.0	WI
WYOMING	92.6	94.5	93.3	93.8	WY
UNITED STATES	93.9 %	93.7 %	93.8 %	93.9 %	US

NOTE -- COMPILED BY U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS, PER AGREEMENT WITH THE FEDERAL COMMUNICATIONS COMMISSION.

Source: Federal Communications Commission (FCC)

QUARTERLY TOLL REVENUES REPORTED TO SHAREHOLDERS  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

	AT&T	MCI	SPRINT	Others	Total	MARKET SHARE			
						AT&T	MCI	SPRINT	Others
1Q84	\$8,684	\$475	\$302	376.3	\$9,837	88.3 %	4.8 %	3.1 %	3.8 %
2Q84	9,169	485	317	395.6	10,366	88.5	4.7	3.1	3.8
3Q84	9,097	478	307	416.0	10,298	88.3	4.6	3.0	4.0
4Q84	9,272	521	320	437.4	10,550	87.9	4.9	3.0	4.1
1Q85	9,369	571	320	459.9	10,720	87.4	5.3	3.0	4.3
2Q85	9,840	601	322	483.6	11,247	87.5	5.3	2.9	4.3
3Q85	9,742	649	335	508.5	11,235	86.7	5.8	3.0	4.5
4Q85	9,838	721	368	534.7	11,462	85.8	6.3	3.2	4.7
1Q86	9,865	819	395	562.3	11,641	84.7	7.0	3.4	4.8
2Q86	9,705	943	432	591.2	11,671	83.2	8.1	3.7	5.1
3Q86	9,642	910	552	621.6	11,726	82.2	7.8	4.7	5.3
4Q86	9,502	920	589	653.7	11,665	81.5	7.9	5.1	5.6
1Q87	9,085	1,005	615	687.3	11,392	79.7	8.8	5.4	6.0
2Q87	9,298	1,002	546	722.7	11,568	80.4	8.7	4.7	6.2
3Q87	9,474	1,044	685	759.9	11,963	79.2	8.7	5.7	6.4
4Q87	9,413	1,088	746	799.1	12,045	78.1	9.0	6.2	6.6
1Q88	9,229	1,212	760	840.2	12,041	76.6	10.1	6.3	7.0
2Q88	9,272	1,300	799	883.5	12,255	75.7	10.6	6.5	7.2
3Q88	9,378	1,437	916	929.0	12,661	74.1	11.4	7.2	7.3
4Q88	9,578	1,512	930	976.8	12,997	73.7	11.6	7.2	7.5
1Q89	9,326	1,625	984	1027.1	12,962	72.0	12.5	7.6	7.9
2Q89	9,251	1,719	1,038	1080.0	13,088	70.7	13.1	7.9	8.3
3Q89	9,175	1,792	1,111	1135.6	13,213	69.4	13.6	8.4	8.6
4Q89	9,239	1,835	1,191	1194.1	13,458	68.6	13.6	8.8	8.9
1Q90	9,511	2,001	1,215	1255.6	13,982	68.0	14.3	8.7	9.0
2Q90	9,553	2,061	1,239	1320.2	14,173	67.4	14.5	8.7	9.3
3Q90	9,626	2,197	1,279	1388.2	14,490	66.4	15.2	8.8	9.6
4Q90	9,693	2,197	1,331	1459.7	14,681	66.0	15.0	9.1	9.9
1Q91	9,594	2,283	1,339	1534.9	14,751	65.0	15.5	9.1	10.4
2Q91	9,637	2,364	1,358	1613.9	14,962	64.4	15.7	9.1	10.8
3Q91	9,820	2,412	1,348	1697.0	15,277	64.3	15.8	8.8	11.1
4Q91	9,792	2,442	1,343	1784.4	15,361	63.7	15.9	8.7	11.6
1Q92	9,873	2,513	1,357	1876.3	15,620	63.2	16.1	8.7	12.0
2Q92	9,851	2,606	1,378	1972.9	15,808	62.3	16.5	8.7	12.5
3Q92	10,132	2,682	1,432	2074.5	16,321	62.1	16.4	8.8	12.7
4Q92	9,724	2,761	1,490	2181.3	16,156	60.2	17.1	9.2	13.5
1Q93	9,967	2,810	1,491	2293.6	16,562	60.2	17.0	9.0	13.8
2Q93	9,833	2,929	1,510	2411.7	16,684	58.9	17.6	9.1	14.5
3Q93	10,142	3,054	1,541	2535.9	17,272	58.7	17.7	8.9	14.7
4Q93	9,921	3,128	1,598	2666.5	17,313	57.3	18.1	9.2	15.4
1Q94	10,951	3,221	1,660	2803.8	18,636	58.8	17.3	8.9	15.0
2Q94	11,072	3,309	1,696	2948.2	19,025	58.2	17.4	8.9	15.5
3Q94	11,275	3,407	1,740	3100.0	19,522	57.8	17.5	8.9	15.9
4Q94	11,302	3,400	1,709	3259.6	19,671	57.5	17.3	8.7	16.6
1Q95	11,388	3,561	1,753	3427.5	20,129	56.6	17.7	8.7	17.0

Source: Federal Communications Commission (FCC)

**TOTAL TOLL SERVICE REVENUES**  
(DOLLAR AMOUNTS SHOWN IN MILLIONS)

COMPANY	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
AT&T COMMUNICATIONS, INC.	\$34,935	\$36,770	\$36,514	\$35,219	\$35,407	\$34,549	\$33,880	\$34,384	\$35,495	\$35,731	\$37,165
MCI TELECOMMUNICATIONS CORP. 1/ (TELECOM*USA)	1,781	2,331	3,372	3,936	4,888	6,171	7,392	8,288	9,719	10,947	11,715
SPRINT COMMUNICATIONS CO. 2/ (GTE SPRINT) (US TELECOM)	1,052	1,122	779	291	524	713	4,320	5,041	5,378	5,858	6,805
LDS COMMUNICATIONS, INC. 3/ 4/ (ADVANCED TELECOMMUNICATIONS CORP.) (METROMEDIA COMMUNICATIONS CORP.) 5/ (ITT COMMUNICATION SERVICES, INC.) (COMSYSTEMS NETWORK SERVICES)	72	85	124	162	178	328	342	356	360	360	297
WILTEL, INC. 4/						110	154	203	801	1,145	2,221
CABLE & WIRELESS COMMUNICATIONS, INC.		148	171	180	218	275	359	408	494	557	654
ALLNET 6/ 7/ (LIXTEL)		309	450	305	394	334	326	347	378	438	588
LCI INTERNATIONAL TELECOM CORP.						197	215	208	243	317	453
ALASCOM, INC.	255	271	257	252	272	278	259	336	333	320	329
FRONTIER COMMUNICATIONS INT'L, INC. 7/ 8/ 9/ 10/ ONCOR COMMUNICATIONS, INC.						104	142	165	188	213	306
EXCEL TELECOMMUNICATIONS, INC.						275	230	181	159	140	172
WEST COAST TELECOMMUNICATIONS, INC. 8/ U.S. LONG DISTANCE, INC.										100	136
AMERICAN SHARECOM, INC. 10/ AMERICAN NETWORK EXCHANGE, INC. MIDCOM COMMUNICATIONS, INC.											123
VARTEC TELECOM, INC.											109
GENERAL COMMUNICATION, INC. 11/ TELEPHONE NETWORK, INC. 12/ (NATIONAL TELEPHONE SERVICES, INC.)						192	293	308		92	108
OTHERS 13/	414	639	992	1,352	1,823	2,359	2,582	2,948	3,923	4,319	5,055
<b>TOTAL LONG DISTANCE CARRIERS</b>	<b>36,755</b>	<b>42,630</b>	<b>44,505</b>	<b>44,783</b>	<b>47,487</b>	<b>51,184</b>	<b>52,102</b>	<b>54,443</b>	<b>58,388</b>	<b>61,533</b>	<b>67,351</b>
AT&T COMMUNICATIONS SHARE:	90.1%	86.3%	81.9%	78.6%	74.8%	67.5%	65.0%	63.2%	60.8%	58.1%	55.2%
MCI TELECOMMUNICATIONS SHARE:	4.5%	5.5%	7.5%	8.8%	10.3%	12.1%	14.2%	15.2%	16.7%	17.8%	17.4%
SPRINT COMMUNICATIONS CO. SHARE:	2.7%	2.6%	4.3%	5.8%	7.2%	8.4%	9.7%	9.9%	9.7%	10.0%	10.1%
LDS COMMUNICATIONS, INC. SHARE:						0.2%	0.3%	0.5%	1.4%	1.9%	3.3%
ALL OTHER CARRIERS:	2.6%	5.0%	6.3%	6.6%	6.0%	11.6%	10.8%	11.3%	11.5%	12.3%	14.0%
<b>BELL OPERATING COMPANIES</b>	<b>9,037</b>	<b>9,025</b>	<b>9,599</b>	<b>10,288</b>	<b>10,888</b>	<b>10,549</b>	<b>10,578</b>	<b>10,085</b>	<b>9,718</b>	<b>9,849</b>	<b>9,527</b>
<b>OTHER LOCAL TELEPHONE COMPANIES 13/</b>	<b>3,364</b>	<b>3,150</b>	<b>3,274</b>	<b>3,488</b>	<b>4,445</b>	<b>4,291</b>	<b>4,112</b>	<b>4,049</b>	<b>3,897</b>	<b>3,908</b>	<b>3,848</b>
<b>TOTAL LOCAL EXCHANGE COMPANIES</b>	<b>12,401</b>	<b>12,185</b>	<b>12,873</b>	<b>13,736</b>	<b>15,113</b>	<b>14,840</b>	<b>14,690</b>	<b>14,115</b>	<b>13,615</b>	<b>13,757</b>	<b>13,375</b>
<b>TOTAL TOLL SERVICE REVENUES</b>	<b>51,156</b>	<b>54,815</b>	<b>57,488</b>	<b>58,519</b>	<b>62,600</b>	<b>66,024</b>	<b>66,702</b>	<b>68,558</b>	<b>71,983</b>	<b>75,290</b>	<b>80,728</b>
AT&T COMMUNICATIONS SHARE:	68.3%	67.1%	63.5%	60.2%	56.8%	52.3%	50.7%	50.2%	49.3%	47.5%	45.0%
MCI TELECOMMUNICATIONS SHARE:	3.4%	4.3%	5.9%	6.7%	7.8%	9.3%	11.1%	12.1%	13.5%	14.5%	14.5%
SPRINT COMMUNICATIONS CO. SHARE:	2.1%	2.0%	3.3%	4.4%	5.4%	6.5%	7.5%	7.8%	7.9%	8.2%	8.4%
LDS COMMUNICATIONS, INC. SHARE:						0.2%	0.2%	0.4%	1.1%	1.5%	2.6%
ALL OTHER CARRIERS:	2.0%	4.4%	4.9%	5.2%	6.1%	9.1%	8.4%	9.0%	9.3%	9.5%	11.7%
LOCAL EXCHANGE COMPANIES SHARE:	24.2%	22.2%	22.4%	23.5%	24.1%	22.5%	22.0%	20.5%	18.9%	18.3%	16.6%

SOURCES: LOCAL EXCHANGE CARRIER INFORMATION DERIVED FROM USTA ANNUAL REPORTS.  
AT&T COMMUNICATIONS AND ALASCOM FROM STATISTICS OF COMMUNICATIONS COMMON CARRIERS.  
OTHER COMPANIES: 1984 - 1994 AS REPORTED PURSUANT TO FCC REPORT AND ORDER IN CC DOCKET 83-1291.

- 1/ MCI TELECOMMUNICATIONS AND TELECOM\*USA MERGED DURING 1989.
- 2/ IN JULY 1988, GTE SPRINT AND US TELECOM MERGED INTO US SPRINT. THE INFORMATION SHOWN FOR GTE SPRINT AND US TELECOM FOR 1988 IS FOR JANUARY 1 - JUNE 30. THE INFORMATION SHOWN FOR US SPRINT FOR 1988 IS FOR JULY 1 - DECEMBER 31. EFFECTIVE FEBRUARY 28, 1992, THE COMPANY'S NAME BECAME SPRINT COMMUNICATIONS CO.
- 3/ LDS COMMUNICATIONS, INC. AND ADVANCED TELECOMMUNICATIONS CORP. MERGED DURING 1992. IN 1993, LDS COMMUNICATIONS, INC. MERGED WITH METROMEDIA COMMUNICATIONS CORP. AND COMSYSTEMS NETWORK SERVICES. FOR 1993, ONLY THE REVENUES THAT OCCURRED AFTER THE MERGER ARE INCLUDED IN LDS COMMUNICATIONS' REVENUES. THOSE REVENUES UP TO THE MERGER ARE LISTED INDIVIDUALLY FOR 1993.
- 4/ LDS AND WILTEL MERGED ON JANUARY 6, 1995.
- 5/ METROMEDIA COMMUNICATIONS CORP. AND ITT COMMUNICATIONS CORP. MERGED DURING 1986. INFORMATION FOR 1989 WAS REPORTED SEPARATELY.
- 6/ ALLNET AND LIXTEL MERGED AT THE END OF 1985.
- 7/ FRONTIER CORPORATION, THE PARENT COMPANY OF FRONTIER COMMUNICATIONS, INT'L, INC., ACQUIRED ALG COMMUNICATIONS, THE PARENT COMPANY OF ALLNET ON AUGUST 10, 1995.
- 8/ NAME CHANGE FROM FCI LONG DISTANCE, INC., IN 1994.
- 9/ FRONTIER CORPORATION, THE PARENT COMPANY OF FRONTIER COMMUNICATIONS, INT'L, INC., ACQUIRED WCT COMMUNICATIONS, THE PARENT COMPANY OF WEST COAST TELECOMMUNICATIONS ON MAY 16, 1995.
- 10/ FRONTIER CORPORATION, THE PARENT COMPANY OF FRONTIER COMMUNICATIONS, INT'L, INC., ACQUIRED AMERICAN SHARECOM ON MARCH 17, 1995.
- 11/ DOES NOT INCLUDE \$10 MILLION FROM NON-COMMUNICATIONS OPERATIONS IN 1993 AND \$11 MILLION IN 1994.
- 12/ TELEPHONE NETWORK, INC., AND NATIONAL TELEPHONE SERVICES, INC., MERGED DURING 1989. IN 1991, TELEPHONE NETWORK, INC., WENT INTO BANKRUPTCY.
- 13/ ESTIMATED BY FCC STAFF.

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS  
 -TELEPHONE CALLS AND MINUTES FOR REPORTING LOCAL EXCHANGE COMPANIES--YEAR ENDED DECEMBER 31, 1994  
 (FIGURES SHOWN IN THOUSANDS)

STATE	LOCAL CALLS	INTRALATA TOLL CALLS COMPLETED (ORIGINATING)	INTERLATA TOLL CALLS COMPLETED (ORIGINATING)			INTERLATA BILLED ACCESS MINUTES (ORIGINATING AND TERMINATING)			
			INTERSTATE	INTRASTATE	TOTAL	INTERSTATE	INTRASTATE	TOTAL	
ALABAMA	8,541,305	169,983	543,305	190,650	733,955	4,961,143	1,637,226	6,598,369	AL
ARIZONA	8,146,653	102,102	705,378	89,531	794,909	7,104,595	905,842	8,010,437	AZ
ARKANSAS	3,240,462	174,848	339,501	118,657	458,158	2,508,458	750,223	3,258,681	AR
CALIFORNIA	56,380,268	8,550,729	5,909,236	4,307,321	10,216,557	39,308,657	26,967,315	66,275,972	CA
COLORADO	7,913,049	140,037	691,030	97,279	788,309	7,534,209	986,657	8,520,866	CO
CONNECTICUT	5,887,483	678,073	901,636	647	902,283	6,736,684	4,768	6,741,452	CT
DELAWARE	1,158,048	63,315	167,025	7,123	174,148	1,532,125	25,361	1,557,486	DE
DIST. OF COLUMBIA	2,771,285	3,785	255,349	0	255,349	2,605,133	0	2,605,133	DC
FLORIDA	29,595,820	955,567	2,622,616	1,105,228	3,727,844	26,456,108	9,378,504	35,834,612	FL
GEORGIA	15,301,767	324,721	1,131,476	210,895	1,342,371	10,782,647	2,177,062	12,959,709	GA
HAWAII	2,744,010	60,866	173,840	0	173,840	1,651,340	0	1,651,340	HI
IDAHO	1,549,126	73,377	192,115	22,750	214,865	1,892,693	222,331	2,115,024	ID
ILLINOIS	22,179,298	467,541	1,889,868	646,985	2,536,853	16,034,872	5,245,220	21,280,092	IL
INDIANA	9,866,126	342,103	796,361	391,857	1,188,218	7,026,545	3,053,187	10,079,731	IN
IOWA	3,544,018	174,856	325,575	128,176	453,751	3,278,208	1,375,150	4,653,358	IA
KANSAS	3,855,254	117,629	394,630	119,575	514,205	3,326,360	986,761	4,313,121	KS
KENTUCKY	6,485,842	171,658	469,349	143,550	612,899	4,350,375	1,192,691	5,543,066	KY
LOUISIANA	10,222,511	43,954	491,988	179,667	671,655	5,039,901	1,822,464	6,862,365	LA
MAINE	1,141,941	178,875	172,023	0	172,023	1,616,288	0	1,616,288	ME
MARYLAND	11,335,019	124,391	1,003,803	383,129	1,386,932	8,889,467	2,407,138	11,296,605	MD
MASSACHUSETTS	11,203,803	1,274,618	1,505,021	273,655	1,778,676	11,640,826	1,347,647	12,988,473	MA
MICHIGAN	17,351,693	1,124,492	1,142,685	663,893	1,806,578	10,184,784	6,027,580	16,212,364	MI
MINNESOTA	6,976,832	93,010	601,480	135,459	736,939	4,964,568	1,536,675	6,501,243	MN
MISSISSIPPI	5,275,733	134,976	311,116	39,793	351,089	3,146,940	473,926	3,620,866	MS
MISSOURI	10,123,215	312,058	785,607	221,453	1,007,060	7,026,553	1,872,647	8,899,200	MO
MONTANA	921,683	43,610	97,613	24,836	122,449	1,100,006	293,450	1,393,456	MT
NEBRASKA	2,438,233	58,059	233,499	88,250	321,749	2,143,837	728,659	2,872,496	NE
NEVADA	2,758,210	38,441	531,374	36,054	567,428	3,456,314	206,764	3,663,078	NV
NEW HAMPSHIRE	1,231,025	161,788	324,311	0	324,311	2,633,866	0	2,633,866	NH
NEW JERSEY	11,641,043	2,161,553	2,232,775	611,992	2,844,767	18,414,194	4,127,205	22,541,400	NJ
NEW MEXICO	2,670,728	75,326	239,150	16,968	256,118	2,509,207	153,534	2,662,741	NM
NEW YORK	24,667,308	345,302	3,319,606	657,929	3,977,535	29,652,672	6,207,982	35,860,654	NY
NORTH CAROLINA	10,709,463	269,928	925,826	541,201	1,467,027	9,196,512	4,517,285	13,713,797	NC
NORTH DAKOTA	814,931	30,403	73,004	21,591	94,595	793,244	246,524	1,039,768	ND
OHIO	19,689,920	439,755	1,340,823	888,804	2,229,627	12,178,485	6,789,308	18,967,792	OH
OKLAHOMA	5,421,926	162,699	469,502	94,649	564,151	3,929,590	887,632	4,817,222	OK
OREGON	4,868,028	208,486	497,482	122,445	619,927	4,737,394	1,153,336	5,890,730	OR
PENNSYLVANIA	18,963,282	1,043,647	1,775,779	726,109	2,501,888	16,437,207	5,298,478	21,735,685	PA
RHODE ISLAND	1,711,487	102,964	254,043	0	254,043	1,945,116	0	1,945,116	RI
SOUTH CAROLINA	5,692,972	148,251	423,972	144,439	568,411	4,200,810	1,232,884	5,433,694	SC
SOUTH DAKOTA	794,862	39,069	90,197	10,084	100,281	960,729	123,396	1,084,125	SD
TENNESSEE	11,367,480	223,732	663,402	145,108	808,510	6,986,773	1,563,841	8,550,614	TN
TEXAS	38,574,269	785,055	2,817,976	1,756,356	4,574,332	21,124,693	12,864,085	33,988,778	TX
UTAH	3,469,882	126,560	252,027	15,422	267,449	2,640,840	170,044	2,810,884	UT
VERMONT	470,113	62,524	129,167	0	129,167	1,126,128	0	1,126,128	VT
VIRGINIA	11,598,253	190,012	1,237,638	481,591	1,719,229	11,564,171	3,628,390	15,192,561	VA
WASHINGTON	9,014,958	468,601	815,718	216,560	1,032,278	8,033,627	2,104,993	10,138,620	WA
WEST VIRGINIA	2,446,799	43,814	203,546	56,122	259,668	1,978,809	397,996	2,376,805	WV
WISCONSIN	6,841,001	300,224	559,525	262,279	821,804	5,182,415	2,167,538	7,349,953	WI
WYOMING	600,796	32,083	86,161	4,241	90,402	920,705	41,467	962,172	WY
UNITED STATES	462,169,213	23,419,450	43,116,129	16,400,483	59,516,612	373,446,823	125,301,166	498,747,988	US
PUERTO RICO	3,038,326	377,183	128,464	0	128,464	1,549,278	0	1,549,278	PR
TOTAL	465,207,539	23,796,633	43,244,593	16,400,483	59,645,076	374,996,101	125,301,166	500,297,266	TO

Source: Federal Communications Commission (FCC)

STATISTICS OF COMMUNICATIONS COMMON CARRIERS

-COMMUNICATIONS PLANT OF TELEPHONE CARRIERS REPORTING ANNUALLY TO THE COMMISSION  
YEAR ENDED DECEMBER 31, 1994--CONTINUED

(AMOUNTS SHOWN IN THOUSANDS)

ACCT NO.	ITEMS	ALL REPORTING LOCAL EXCHANGE COMPANIES				
		BALANCE AT BEGINNING OF YEAR 1/	PLANT ADDED	PLANT RETIRED	TRANSFERS AND ADJUSTMENTS	BALANCE AT END OF YEAR 2/
<b>PLANT:</b>						
2001	TELECOMMUNICATIONS PLANT IN SERVICE	\$259,211,664	\$18,781,011	\$10,988,754	\$439,471	\$267,443,392
2002	PROPERTY HELD FOR FUTURE TELECOM USE	11,162	520	73	(2,256)	9,353
2003	TELECOM PLANT UNDER CONSTRUCTION - SHORT-TERM	2,886,653	1,828,051	1,574,899	(267,572)	2,872,232
2004	TELECOM PLANT UNDER CONSTRUCTION - LONG-TERM	1,213,148	354,069	434,571	221,673	1,354,322
2005	TELECOMMUNICATIONS PLANT ADJUSTMENT	252,501	(326)	0	(6,905)	245,270
2006	NONOPERATING PLANT	413,684	25,036	33,839	49	404,929
2007	GOODWILL	182,992	(168)	37,391	0	145,433
210	TOTAL PLANT	264,171,799	20,988,190	13,069,528	384,465	272,474,927
<b>TPIS - GENERAL SUPPORT:</b>						
2111	LAND	1,268,121	12,959	3,678	3,383	1,280,782
2112	MOTOR VEHICLES	2,651,922	210,436	203,088	3,878	2,663,150
2113	AIRCRAFT	114,749	8,542	34,781	(3)	88,507
2114	SPECIAL PURPOSE VEHICLES	4,397	174	308	(181)	4,082
2115	GARAGE WORK EQUIPMENT	122,928	6,712	9,473	(425)	119,742
2116	OTHER WORK EQUIPMENT	2,065,556	188,259	74,605	3,625	2,182,638
2121	BUILDINGS	20,125,148	848,111	157,454	20,398	20,836,203
2122	FURNITURE	991,055	33,511	107,955	(2,560)	914,052
2123	OFFICE EQUIPMENT	2,586,132	232,559	302,620	11,217	2,527,290
2124	GENERAL PURPOSE COMPUTERS	9,712,443	1,503,517	1,073,588	(9,311)	10,133,060
2110	TOTAL LAND & SUPPORT ASSETS	39,642,452	3,044,780	1,967,547	30,018	40,749,709
<b>TPIS - CENTRAL OFFICE SWITCHING:</b>						
2211	ANALOG ELECTRONIC SWITCHING	14,208,618	141,232	2,924,990	(97,471)	11,327,391
2212	DIGITAL ELECTRONIC SWITCHING	39,117,350	4,486,984	1,151,602	(262,228)	42,190,504
2215.1	STEP-BY-STEP SWITCHING	510,550	12,669	130,215	3,332	396,346
2215.2	CROSSBAR SWITCHING	72,284	248	27,242	(1,952)	43,336
2215.3	OTHER ELECTRO-MECHANICAL SWITCHING	74,644	4,331	12,545	568	66,998
2215	ELECTRO-MECHANICAL SWITCHING	657,484	17,249	170,003	1,947	508,680
2210	TOTAL CENTRAL OFFICE SWITCHING	53,983,451	4,645,469	4,246,594	(357,748)	54,024,576
2220	OPERATOR SYSTEMS	1,118,429	93,546	129,399	5,645	1,088,224
<b>TPIS - CENTRAL OFFICE TRANSMISSION</b>						
2231.1	SATELLITE AND EARTH STATION FACILITIES	7,318	2,699	0	(1,700)	8,318
2231.2	OTHER RADIO FACILITIES	1,555,393	43,161	111,344	12,734	1,499,945
2231	RADIO SYSTEMS	1,562,711	45,860	111,344	11,035	1,508,263
2232	CIRCUIT EQUIPMENT	42,171,764	4,657,291	2,167,888	487,779	45,128,944
2230	TOTAL CENTRAL OFFICE TRANSMISSION	43,734,476	4,703,153	2,279,234	478,813	46,637,205
<b>TPIS - INFORMATION ORIG/TERM:</b>						
2311	STATION APPARATUS	511,051	78,977	72,602	9,003	526,426
2321	CUSTOMER PREMISES WIRING	517,375	0	374,703	0	142,672
2341	LARGE PRIVATE BRANCH EXCHANGES	199,155	15,735	34,581	2,597	182,905
2351	PUBLIC TELEPHONE TERMINAL EQUIPMENT	1,608,281	148,252	96,991	4,677	1,664,218
2362	OTHER TERMINAL EQUIPMENT	2,387,484	183,013	215,506	17,984	2,372,972
2310	TOTAL INFORMATION ORIGINATION/TERMINATION	5,223,345	425,973	794,381	34,258	4,889,194
<b>TPIS - CABLE &amp; WIRE FACILITIES:</b>						
2411	POLES	5,342,834	225,677	68,165	16,378	5,516,721
2421	AERIAL CABLE	25,435,085	1,432,155	412,215	50,666	27,505,691
2422	UNDERGROUND CABLE	22,727,566	948,611	244,206	38,264	23,470,233
2423	BURIED CABLE	41,594,968	2,398,327	539,197	146,191	43,600,292
2424	SUBMARINE CABLE	101,594	3,927	2,180	(1,674)	101,666
2425	DEEP SEA CABLE	28,382	16,574	5,285	0	39,672
2426	INTRABUILDING NETWORK CABLE	2,287,463	55,566	48,695	(22,604)	2,271,730
2431	AERIAL WIRE	243,602	11,787	7,679	(189)	247,521
2441	CONDUIT SYSTEMS	14,768,092	565,209	28,345	22,232	15,327,185
2410	TOTAL CABLE AND WIRE FACILITIES	113,529,583	5,657,833	1,355,962	249,258	118,080,703
240	TOTAL TPIS (BEFORE AMORTIZABLE ASSETS)	257,231,743	18,570,752	10,773,116	440,243	265,469,618
<b>TPIS - AMORTIZABLE ASSETS:</b>						
2681	CAPITAL LEASES	872,198	109,955	173,269	1,919	810,803
2582	LEASEHOLD IMPROVEMENTS	1,103,074	98,840	44,009	(5,737)	1,152,166
2580	TOTAL AMORTIZABLE TANGIBLE ASSETS	1,975,272	208,796	217,280	(3,818)	1,962,969
2690	INTANGIBLES	9,286	1,589	0	(72)	10,803
260	TOTAL TELECOMMUNICATIONS PLANT IN SERVICE	\$259,216,301	\$18,781,135	\$10,990,396	\$436,352	\$267,443,392

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## **Appendix E**

### **Glossary of Regulatory and Financial Terms**

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## **Glossary of Regulatory Terms**

### Source of Definitions

CRTC: Canadian Radio-television and Telecommunications Commission

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### **CRTC Definitions**

#### **Carrier Access Tariff (CAT)**

The "carrier access tariff" consists of charges which will be applicable to all inter-exchange carriers, including the telephone companies, for access to the Utility (local) network. The CAT will define the terms and conditions for interconnection with the public switched telephone network. The CAT consists of two main components: a network access component which includes charges for switching and aggregation, the recovery of start-up costs and other unbundled elements; and a contribution component to subsidize the rates for basic local telephone services. (CRTC)

#### **Contribution**

"Contribution" is the term used in Canada to refer to the surplus revenues generated by toll and other services that are used to cover the revenue shortfall in local/access services. (CRTC)

#### **Phase II Costing Methodology (Phase II)**

A long-run incremental costing methodology relied on by the Commission to estimate the costs regulated telecommunications carriers incur in providing a particular services. (CRTC)

#### **Phase III Costing Methodology (Phase III)**

The methodology used by the Commission to determine the costs and revenue of various categories of telephone company services. This is done by assigning the investment, expense and revenue accounts of the telephone company's regulated operations to the appropriate service category. (CRTC)

### **Price Cap Method of Regulation**

Overall, price caps are a regulatory device which limit or "cap" the price that a telephone company may charge for a particular basket of services. This form of regulation encourages telephone companies to operate more efficiently by allowing the company to increase its profits by becoming more productive. Price cap regulation will replace earnings or rate of return regulation for services in the Utility segment in 1998. (CRTC)

### **Rate Rebalancing**

The term "rate rebalancing" refers to the reduction in the price of toll services and the corresponding increase in the price of local/access services in order to bring the rates for these services more closely in line with their costs, thereby reducing the subsidy that flows between these two classes of services. (CRTC)

### **Rate of Return Regulation**

Under rate of return (or "earnings") regulation, the regulated telephone company is allowed to earn a reasonable return on its rate base (which includes its investment in capital and operating expenses). The Commission approves the rates which the telephone company must charge in order to achieve this rate of return. The company is not allowed to make profits in excess of this reasonable rate of return. (CRTC)

### **Split Rate Base**

Over the transitional period to price cap regulation, the rate base of the Stentor companies will be split into two segments: Utility and Competitive. The Utility segment will continue to be earnings regulated during the transition period. Competitive segment services will no longer be subject to rate of return regulation. (CRTC)

### **Telecommunications Common Carrier**

A person who owns or operates a transmission facility used by that person or another person to provide telecommunications services to the public for compensation. (TA)

### **Telecommunications Facility**

Any facility, apparatus or other thing that is used or is capable of being used for telecommunications or for any operation directly connected with telecommunications, and includes a transmission facility. (TA)

The term "local/access shortfall" refers to the deficit that occurs because the revenue from combined local and access services do not cover costs. (CRTC)

### **Telecommunications Service**

A service provided by means of telecommunications facilities and includes the provision in whole or in part of telecommunications facilities and any related equipment, whether by sale, lease or otherwise. (TA)

### **Utility Segment**

The Utility segment will consist predominantly of services in the current Monopoly Local and Access service categories, plus a share of certain common costs and local network transport services. (CRTC)

Source of Definitions  
 SCSI: Statistics Canada Services Indicators  
 .....

**Statistics Canada Definitions and Concepts used in Section B**

*Operating Data (Statistics Canada catalogue 63-016)*

Operating items relate to the principal operations of an enterprise and, by extension, an industry. Other revenues and expenses, such as interest receipts and payments are excluded. Net profit refers to profits after deducting income taxes and includes extraordinary gains.

The selected indicators are defined as follows:

- **Return on capital employed:**

$$\frac{\text{Profit before extraordinary gains and interest on borrowing net of tax} \times 4 \times 100}{\text{Borrowing} + \text{Loans and accounts with affiliates} + \text{Total Equity}}$$

It is a ratio indicating profitability.

- **Return on Equity:**

$$\frac{\text{Profit before extraordinary gains} \times 4 \times 100}{\text{Total Equity}}$$

This is also a measure of profitability

- **Profit margin:**

$$\frac{\text{Operating profit} \times 100}{\text{Operating revenue}}$$

This is an indicator of efficiency.

- **Debt to equity:**

$$\frac{\text{Borrowing} + \text{Loans and accounts with affiliates}}{\text{Total Equity}}$$

This indicator conveys information about solvency and capital structure.

- **Working capital ratio:**

Current assets  
 Current Liabilities

This is also an indicator of solvency.

**Comparative indicators** are designed to help the user compare the relative performance of the industry with that of the economy as a whole. A comparative indicator is defined simply as the rate of change of a variable for a certain industry minus the rate of change of the same variable for the whole economy and for the same time period. A positive value indicates that the industry outperformed the economy average; a more positive value, more so. A negative value indicates that it lagged behind the economy average. A comparative indicator with a value of zero means that the performance of the industry exactly matched the economy-wide average.

Source of Definitions

ST: Stentor, Statistics 1993 and 1994

**Definitions of Stentor, Statistics  
(in reference to Tables in Appendix  
A)**

- 1. Total Operating Revenues**  
Operating revenues, less provision for uncollectible operating revenues.
- 2. Toll Ratio**  
Percentage toll revenues of total operating revenues.
- 3. Net Operating Expenses**  
Total operating revenues - (total operating expenses excluding taxes + other taxes).
- 4. Total Operating Expenses Excluding Taxes**  
Excludes property and business tax grants in lieu of taxes and company-paid payroll taxes less construction credits.
- 5. Total Operating Expenses Less Depreciation and Taxes**  
Total operating expenses excluding taxes - depreciation expense.
- 6. Operating Ratio**  
Percentage total operating expenses excluding taxes of total operating revenues (total operating expenses excluding taxes/total operating revenues).
- 7. Income Taxes**  
Self explanatory.
- 8. Other taxes**  
Business and property taxes or grants in lieu of taxes in the case of Government companies, and company-paid payroll taxes less construction credits.
- 9. Total taxes**  
Sum of income taxes and other taxes.
- 10. Total Investment in Telecommunications Plant**  
Original cost of land, buildings and equipment (in service and under construction). Accumulated depreciation and material and supplies inventories should be excluded.
- 11. Capital Expenditures**  
Total cost of gross additions to land, telephone plant, buildings and equipment (in service and under construction).
- 12. Route Kilometres of Microwave System**  
Number of kilometres of microwave.
- 13. Channel Kilometres of Microwave System**  
Measure of available capacity of the system.
- 14. Route Kilometres of Fibre Optics**  
Number of kilometres of fibre optic cable.
- 15. Conductor Kilometres of Fibre Optics**  
Number of kilometres of fibre, i.e. route kilometre of fibre optics x number of fibres in each kilometre of cable.
- 16. Total Conductor Kilometres of Wire/Cable**  
Includes buried, aerial, submarine and underground cable/wire and conduit-measure of penetration.
- 17. Percentage of Plant Under Ground**  
Percentage of underground/buried cable/wire in relation to total cable/wire mileage.

**18. Total Network Access Service (NAS) Lines**

Network Access Service (NAS) replaces the former term "Main and Equivalent Main Telephones". The definition of NAS, as adopted at the May 1984 Accounting Committee, for statistical reporting purposes, is as follows:

"A network access service provides primary connection to a company-owned network for the purpose of telecommunications, regardless of the physical characteristics of the link.

"This includes individual and party line circuits; trunks connecting company facilities with switching devices located on customers' premises; Centrex, official services, coin licensed radiotelephones; primary connections within networks (i.e. drops); and primary special services circuits."

Note 1: NAS subscriber lines may terminate on company-owned/leased or CPE (Customer Provided Equipment) sets.

Note 2: Includes licensed radiotelephones capable of direct network access added to counts normally used for telephone station apparatus.

Note 3: For Centrex or PBX services, where the Centrex or PBX provides a Class-5 service and homes directly on a toll switch, one count is included for each working line circuit. Where the Centrex or PBX homes directly on a Class-5 switch, one count is included for each trunk between the Centrex or PBX and the Class-5 switch.

**19. Number of NAS Lines per 100 Population**  
Self explanatory.

**20. Number of NAS Lines Equipped for Direct Dialling Overseas**  
Self explanatory.

**21. NAS Served by Digital Switches**  
Percentage digitization of the network.

**22. Number of Directories Printed**  
Self explanatory.

**23. Number of Exchanges**  
Self-explanatory.

**24. Number of Exchanges with Extended Area Service (EAS)**  
EAS is a service within a designated area where all telephone customers can reach all others in the area without long distance charges.

**25. Number of NAS Lines Served by EAS**  
Self explanatory.

**26. Number of People in 911 Serving Areas**  
Population in those communities served by Universal Emergency Service. Does not include population of EAS-satellite communities.

**27. Number of Communities Served by 911**  
Includes number of cities or towns receiving Universal Emergency Service either alone or in conjunction with other cities or towns in the same area. Does not include EAS-related communities.

**28. Business Touch-Tone**  
Percentage of Business lines using Touch-Tone dialling.

**29. Residential Touch-Tone**  
Percentage of Residential lines using Touch-Tone dialing.

**30. Number of Long Distance Calls**

Number of sent (paid), received (collect) message toll calls for all voice services, including 800 Service, plus official long distance calls (call made by phone company employees concerning business).

**38. Number of Shareholders**

Total number of common and preferred shareholders.

**31. Total Number of Employees**

Regular full and part time, temporary full and part time, probationary and student employees.

**32. Total Payroll**

Regular full and part time, temporary full and part time, probationary and student employee payroll.

**33. Common Shares Outstanding**

Common shares outstanding on December 31.

**34. Preferred Shares Outstanding**

Preferred shares outstanding on December 31.

**35. Total Shares Outstanding**

Sum of common shares outstanding and preferred shares outstanding.

**36. Shares Held by Canadian Residents**

Total number of shares owned or controlled by Canadian residents.

**37. Shares Held by Non-Residents**

Total number of shares owned or controlled by non-residents.

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