

7. Rates and Price Indices

This section contains information on telephone price indices and rate levels.¹ It describes and presents a series of price indices maintained by the Bureau of Labor Statistics (BLS). It also discusses rate levels and changes in average rate levels.

A. Telephone Service Price Indices

The BLS collects a variety of information on telephone service as part of three separate programs -- the Consumer Price Index (CPI), the Producer Price Index (PPI), and the Consumer Expenditure Survey. They can be found on the internet at <http://www.bls.gov/datahome.htm> on the World Wide Web. The monthly price indices represent prices sampled in the middle of the month.

A Consumer Price Index for telephone services was first published in 1935.² Since that time, telephone prices have tended to increase at a slower pace than most other prices. Table 7.1 shows long-run changes in the Consumer Price Indices for all items, all services, telephone services, each of the seven major categories that currently constitute the overall CPI, and several services that are often characterized as public utilities. The price of telephone service has increased less rapidly than the prices of most of these categories when viewed over a long period of time.

The CPI index of telephone services is based on a "market basket" intended to represent the telephone-related expenditures of a typical urban household. It includes both local and long distance services. The annual rate of change during recent years is shown in Table 7.2 for the overall CPI (which measures the impact of inflation on consumers), and the CPI for telephone services. In addition, Table 7.2 shows the Gross Domestic Product chain-type price index (which reflects inflation throughout the economy) prepared by the Bureau of Economic Analysis.

For 1997 the nation's overall level of prices (measured by the CPI for all items) rose by 1.7%. The CPI for telephone services rose by 0.2% during 1997. The CPI for telephone services is composed of three subindices. During 1997, the local service component (including subscriber line charges) rose by 1.0%, while the price index for interstate toll calls fell by 4.3%, and the price index for state toll calls rose by 2.0%.

The Bureau of Labor Statistics publishes a number of price indices related to local telephone service, two of which are important to the monitoring program. The CPI index of local telephone charges is based on a broadly defined "market basket" of local services that includes

1 For more detailed information, see *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service*, published by the FCC's Industry Analysis Division in July 1998.

2 BLS publishes two sets of Consumer Price Indices. The CPI-U, used herein, is based on expenditures of all urban consumers. The CPI-W series is based on expenditures of urban wage earners and clerical workers.

monthly service charges, message unit charges, leased equipment, installation, service enhancements (such as tone dialing and call waiting), taxes, subscriber line charges, and all other consumer expenditures associated with local telephone services except long distance charges. In contrast, the PPI index of monthly residential rates is much more narrowly defined. It is based only on monthly service charges for residential service, optional tone dialing service, and subscriber line charges. It excludes taxes and all other telephone service charges. The annual rates of change for these two indices are presented in Table 7.3.

CPI data are available for intrastate toll and interstate toll services since December 1977. Table 7.3 also presents the annual changes in these series for recent years.

Price indices are less reliable when industries are changing rapidly. For example, in 1992, long distance carriers began to increase basic long distance rates while at the same time greatly expanding their range of discount offerings. The fixed market basket of toll calls measured for the CPI did not fully reflect these discounts. In 1998, the CPI for telephone services was altered to include cellular telephone services, making the new index not directly comparable to prior years. In 1995, BLS made major changes to the PPI telephone series, and there are no data after July 1995 comparable with prior data. At that time the BLS introduced revenue-weighted telephone price indices. The new indices categorize the telephone industry into much finer detail, though the new series are not comparable to the old in many categories. Because of these sorts of difficulties, measures of average revenues are sometimes used as alternatives to price indices.

Monthly data for the CPI telephone indices are shown in Table 7.4. Monthly data for the new CPI indices are shown in Table 7.5, and the current PPI indices are shown in Table 7.6.³

B. Information on Rate Levels

Local rates are regulated by state regulatory agencies and vary greatly from area to area. Characterization of any rate as "typical" is therefore difficult. Table 7.7 presents average local residential rates in urban areas. The price indices published by the BLS indicate percentage changes in the price of the telephone services. The BLS does not publish the actual level of rates. The averages shown in Table 7.7 are based on a FCC survey using the same sampling areas and weights used by the BLS in constructing the Consumer Price Index.⁴ In October 1997, the national average for the representative total residential service charge⁵ was \$19.92 monthly. The average charge for connecting new phone service was \$43.68.

3 The discontinued Producer Price Indices through July 1995 can be found in Table 5.6 of the May 1997 Monitoring Report in CC Docket No. 87-339.

4 For a discussion of methodology, see *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service*, published by the FCC's Industry Analysis Division in March 1997.

5 This rate is based upon flat-rate service where available, and measured/message service with 100 five-minute, same-zone business-day calls elsewhere.

Table 7.8 presents average monthly local rates for single-line business customers in urban areas. Like the residential rates presented above, they are based on a FCC survey using the same sampling areas and weights used by the BLS in constructing the Consumer Price Index. In October 1997, the representative average monthly charge⁶ was \$41.65, while the average charge for connecting phone service was \$73.18.

The Rural Utilities Service (RUS)⁷ is an agency of the Department of Agriculture. RUS, through its telecommunications lending program, finances the construction of telecommunications infrastructure in rural America. In performing its loan monitoring and servicing functions, it collects information about the telephone companies that are its borrowers. Included in the information collected are the rates RUS borrowers charge business and residential customers. RUS can be found on the internet at <http://www.usda.gov/rus/> on the World Wide Web. Table 7.9 presents the national average rates of RUS customers from 1994 through 1996. These rates do not include subscriber line charges, surcharges, 911 charges, or taxes. In addition, they do not include any charges that may be imposed on customers that are more than a certain distance from the telephone company's central office. These mileage charges can be substantial.

In Table 7.10, AT&T's basic schedule prices for directly dialed interstate long distance calls are shown for January 1984 and June 1998. Higher charges apply to other types of calls, such as those using operator assistance. Lower prices are available through calling plans and other volume discounts. In 1993, AT&T first began to charge different rates to residential and business customers. Since 1984, AT&T's basic schedule charges for directly dialed interstate calls have been reduced by about 30% for residential callers and 20% for business callers.

Table 7.11 contains average revenue per minute for interstate calls. From 1984 to 1994, AT&T's average revenue per minute declined from 32 cents per minute to 18 cents per minute -- a drop of over 40%. Table 7.11 also shows revenue-per-minute estimates calculated by the FCC staff for all carriers. These estimates show that billed revenue per minute has continued to decline for both international and domestic services.

C. Subscriber Line and Access Charges

Long distance companies rely on the loops, switches, and transport facilities of local telephone companies for access to their customers. As a result, local telephone companies recover a portion of their costs from long distance companies accessing their networks. Both the manner in which these access charges have been assessed and the proportion of the costs they have recovered have varied considerably over time.

In the early 1980s, AT&T provided about three-quarters of the nation's local telephone service and almost all interstate long distance service. Because revenue sharing was largely an internal process for AT&T, it was able to charge prices above cost for long distance calls and

6 This rate is based upon flat-rate service where available, and measured/message service with 200 five-minute, same-zone business-day calls elsewhere.

7 Formerly known as the Rural Electrification Administration (REA).

share the revenues with local telephone companies. These transfers, while reducing the pressures on the local companies to raise monthly rates, contributed to inefficiently high long distance rates. The high rates were responsible for suppressing demand for long distance calls and inducing large corporations to bypass the public switched network. Moreover, while such revenue sharing arrangements were sustainable in an industry where one firm monopolized both long distance and local service, they were not compatible with a competitive long distance industry.

In mid-1984 the FCC, in cooperation with a Federal-State Joint Board composed of both federal and state regulators, introduced sweeping changes to the way that interstate telephone services were priced. The historic method of sharing revenues was replaced with a new system of access charges that provided a uniform method for local telephone companies to charge for the origination and termination of interstate traffic on their local networks. In particular, monthly subscriber line charges (SLCs) were introduced to recover a portion of the fixed costs of the local telephone companies loops directly from end users on a per-line basis. Since local telephone companies were required to reduce their charges to long distance carriers -- dollar for dollar -- as SLCs were introduced, they reduced the implicit subsidy from long distance use to local service. The rebalancing of prices between local service and interstate long distance calls during the 1980s had a fundamental impact on the telephone industry as the price of long distance service fell and the volume of long distance calling surged.

In mid-1997, as part of its implementation of the 1996 Telecommunications Act, the FCC introduced further interstate access charge reform. Presubscribed interexchange carrier charges (PICCs) were created in order to allow local carriers to recover the remaining portion of their fixed loop costs from long distance carriers on a per-line, instead of a per-minute, basis. Flat cost recovery on a per-line basis not only eliminates the remaining inefficiency in the pricing of long distance access, but allows local companies to recover costs in a competitively neutral manner, consistent with the goals of the 1996 Act.

Average monthly SLCs and PICCs are shown in Table 7.12, and average per-minute rates charged to long distance carriers are shown in Table 7.13. Both tables report historical averages for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and LECs in the National Exchange Carrier Association (NECA) pool. These LECs control over 98% of the industry's regulated access lines. Current per-line charges and per-minute charges are reported for each of the carriers in Tables 7.14 and 7.15, respectively.

The averages in Table 7.13 clearly illustrate the effectiveness of access reform in reducing the prices long distance carriers pay per minute for access to the local telephone companies' networks. Per-minute access prices have continually decreased over time, a trend that continues with implementation of the 1997 reforms.

TABLE 7.1
LONG-TERM CHANGES FOR VARIOUS PRICE INDEXES
(ANNUAL RATES OF CHANGE)

	1935-1997	1987 - 1997
CPI all items	4.0 %	3.4 %
CPI all services	4.4	4.0
CPI telephone services	2.0	1.0
CPI major categories:		
- food & beverages	*	3.3
- housing	*	3.1
- apparel & upkeep	2.9	1.6
- transportation	3.7	2.9
- medical care	5.1	5.9
- recreation **	*	2.3
- other goods & services	*	5.7
CPI public transportation	4.9	4.4
CPI piped gas	3.6	2.3
CPI electricity	2.2	1.6
CPI sewer & water maintenance	*	5.2
CPI postage	4.1	3.8

Source: Bureau of Labor Statistics.

* Series not established until after 1935.

** Series not established until 1992. Figure reflects annual change between 1992 and 1997.

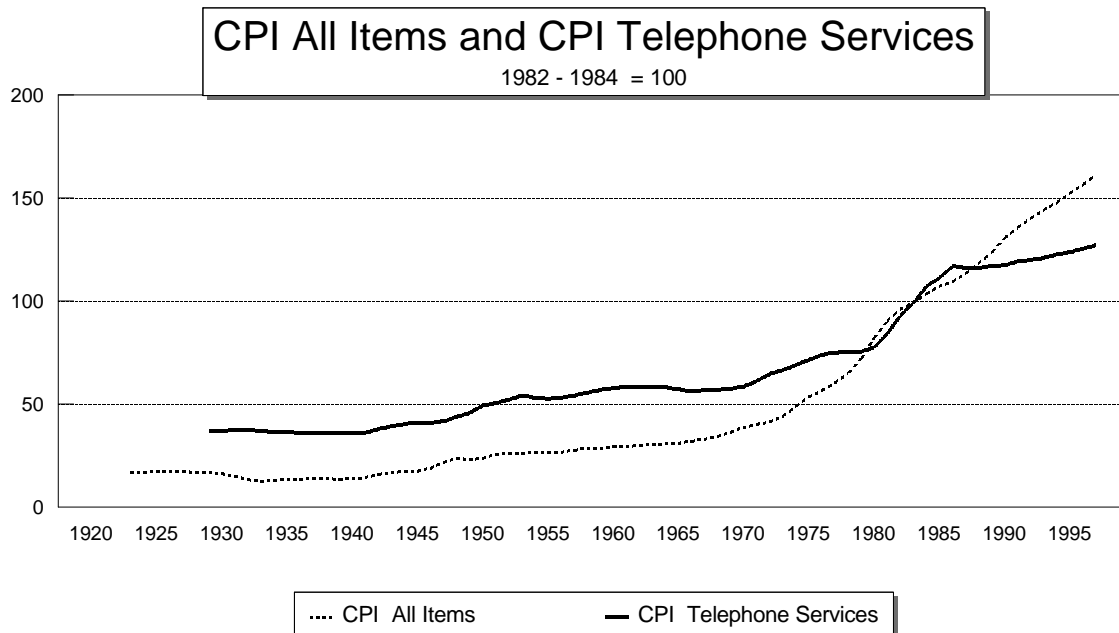


TABLE 7.2
ANNUAL CHANGES IN MAJOR PRICE INDEXES

	GDP Chain-type Price Index	CPI: All Items	CPI: Telephone Services
1978	7.2 %	9.0 %	0.9 %
1979	8.6	13.3	0.7
1980	9.2	12.5	4.6
1981	9.4	8.9	11.7
1982	6.2	3.8	7.2
1983	4.3	3.8	3.6
1984	3.7	3.9	9.2
1985	3.6	3.8	4.7
1986	2.5	1.1	2.7
1987	3.1	4.4	-1.3
1988	3.6	4.4	1.3
1989	4.2	4.6	-0.3
1990	4.3	6.1	-0.4
1991	4.0	3.1	3.5
1992	2.8	2.9	-0.3
1993	2.6	2.7	1.8
1994	2.3	2.7	0.7
1995	2.5	2.5	1.2
1996	2.3	3.0	1.5
1997	1.8	1.7	0.2

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis

CPI All Items and CPI Telephone Services

(Annual Rates of Change)

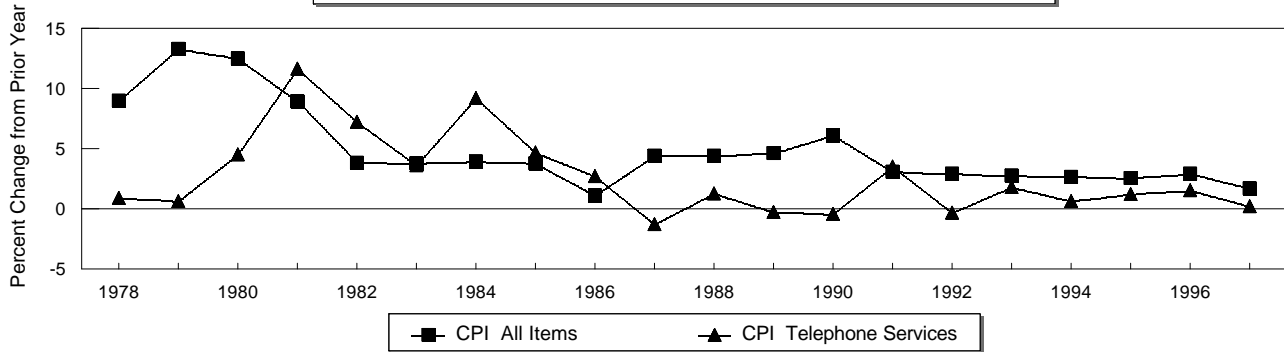


TABLE 7.3

ANNUAL CHANGES IN PRICE INDEXES FOR LOCAL AND LONG DISTANCE TELEPHONE SERVICES

	Local Residential Service		Toll Service *			
	CPI: all local charges	PPI: Monthly Service Charges	Interstate Toll Calls		Intrastate Toll Calls	
			CPI	PPI	CPI	PPI
1978	1.4 %	3.1 %	-0.8 %	0.0 %	1.3 %	0.1 %
1979	1.7	1.6	-0.7	-0.9	0.1	-0.7
1980	7.0	7.1	3.4	5.5	-0.6	2.3
1981	12.6	15.6	14.6	15.9	6.2	8.0
1982	10.8	9.0	2.6	3.9	4.2	1.7
1983	3.1	0.2	1.5	0.0	7.4	3.9
1984	17.2	10.4	-4.3	-5.1	3.6	3.8
1985	8.9	12.4	-3.7	-3.0	0.6	2.1
1986	7.1	8.9	-9.4	-10.0	0.3	-3.5
1987	3.3	2.6	-12.4	-11.8	-3.0	-3.0
1988	4.5	4.6	-4.2	-2.1	-4.2	-3.7
1989	0.6	1.9	-1.3	-1.7	-2.6	0.5
1990	1.0	1.5	-3.7	-0.1	-2.2	-2.2
1991	5.1	2.1	1.3	-1.3	-1.5	-2.6
1992	0.5	-0.2	-1.3	1.0	-2.4	1.3
1993	1.0	0.8	6.5	3.8	0.2	-1.1
1994	-0.3	0.7	5.4	6.1	-1.0	-1.4
1995	2.6	**	0.1	**	-3.8	**
1996	0.9	0.4	4.0	0.7	4.0	0.9
1997	1.0	0.2	-4.3	1.7	2.0	-4.3

Source: Bureau of Labor Statistics.

* CPI toll indexes represent rates for households. Through 1994, PPI toll indexes represent rate changes for both business and residential consumers. Since 1995, PPI indices reflect rates for residential customers.

** The PPI telephone indices were revised in June of 1995. The series are not comparable.

CPI Telephone Service Price Indices

(Annual Rates of Change)

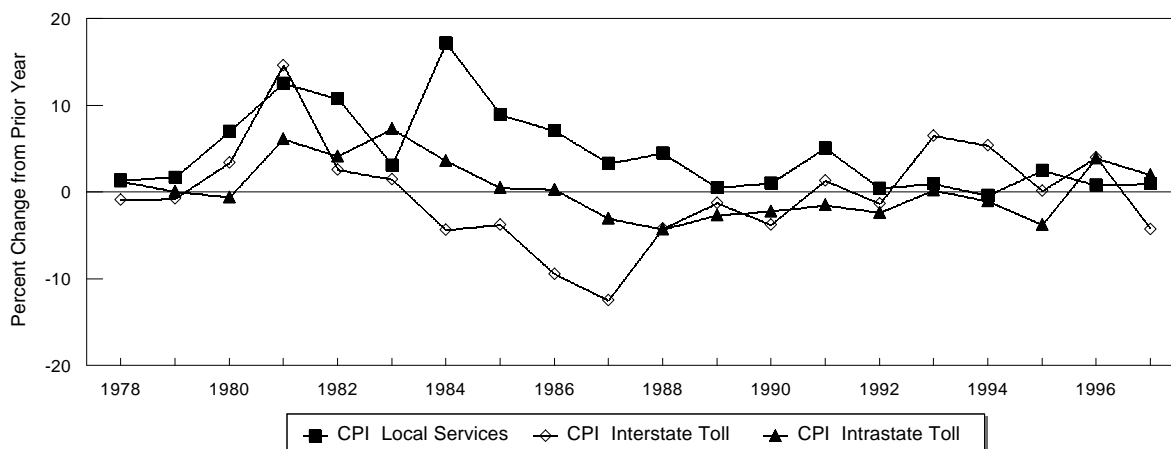


Table 7.4
Consumer Price Indices
(1982-1984=100)

	All Goods & Services	All Telephone Services	Local Services	Interstate Toll Service	Intrastate Toll Service	
BLS Series ID	CUUR0000SA0	CUUR0000SE270A	CUUR0000SEED01	CUUR0000SS27051	CUUR0000SS27061	
1983	January	97.8	98.1	97.2	100.9	97.3
	February	97.9	98.3	96.8	101.6	98.9
	March	97.9	98.5	97.0	101.6	99.3
	April	98.6	98.4	96.8	101.6	99.5
	May	99.2	98.9	97.5	101.6	100.0
	June	99.5	99.3	98.1	101.6	100.2
	July	99.9	99.5	98.1	101.7	100.9
	August	100.2	99.6	98.3	101.7	101.0
	September	100.7	99.9	98.6	101.7	101.2
	October	101.0	99.7	98.3	101.4	101.6
	November	101.2	100.4	99.5	101.4	102.3
	December	101.3	99.8	98.3	101.3	102.2
1984	January	101.9	105.0	106.7	101.3	104.2
	February	102.4	107.0	110.0	102.1	104.2
	March	102.6	106.4	109.1	102.1	104.1
	April	103.1	106.7	109.1	102.0	105.6
	May	103.4	106.9	109.5	102.3	105.1
	June	103.7	107.1	110.7	98.9	106.5
	July	104.1	107.7	112.3	96.9	107.5
	August	104.5	107.9	112.9	96.8	106.6
	September	105.0	108.7	114.3	96.8	106.5
	October	105.3	108.8	114.5	97.0	106.5
	November	105.3	109.4	115.4	96.9	107.1
	December	105.3	109.0	115.2	96.9	105.9
1985	January	105.5	109.3	115.6	96.9	105.9
	February	106.0	108.3	113.8	96.9	105.8
	March	106.4	109.5	116.0	96.9	106.1
	April	106.9	109.4	115.8	96.9	106.0
	May	107.3	109.6	116.0	97.4	105.8
	June	107.6	112.1	121.3	94.7	106.2
	July	107.8	112.9	123.0	93.1	107.5
	August	108.0	113.6	123.9	93.3	107.8
	September	108.3	113.7	124.2	93.3	107.8
	October	108.7	113.8	124.3	93.3	108.0
	November	109.0	114.2	125.2	93.3	107.9
	December	109.3	114.1	125.5	93.3	106.5
1986	January	109.6	114.6	126.2	93.3	106.7
	February	109.3	114.8	126.4	93.3	107.0
	March	108.8	115.3	127.2	93.3	107.1
	April	108.6	116.5	129.5	93.3	106.8
	May	108.9	116.5	129.5	93.3	106.9
	June	109.5	118.7	135.6	88.0	106.7
	July	109.5	118.7	137.0	84.7	106.7
	August	109.7	118.8	137.2	84.4	107.0
	September	110.2	118.3	136.5	84.4	106.5
	October	110.3	118.9	137.5	84.4	106.8
	November	110.4	117.6	135.1	84.4	106.5
	December	110.5	117.2	134.4	84.5	106.8

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Consumer Price Indices
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	All Goods & Services	All Telephone Services	Local Services	Interstate Toll Service	Intrastate Toll Service	
BLS Series ID	CUUR0000SA0	CUUR0000SE270A	CUUR0000SEED01	CUUR0000SS27051	CUUR0000SS27061	
1987	January	111.2	116.6	137.6	77.1	107.0
	February	111.6	116.4	137.5	77.1	106.4
	March	112.1	116.4	137.4	77.1	106.4
	April	112.7	116.7	138.2	77.0	106.3
	May	113.1	116.4	138.1	76.7	105.2
	June	113.5	115.6	137.5	76.7	102.7
	July	113.8	116.6	141.0	73.4	104.0
	August	114.4	117.0	141.9	73.4	103.8
	September	115.0	116.6	140.9	73.7	103.5
	October	115.3	117.0	141.3	73.7	104.1
	November	115.4	116.9	141.4	73.7	103.6
	December	115.4	115.7	138.9	74.0	103.6
1988	January	115.7	115.8	139.9	72.2	104.1
	February	116.0	116.6	141.6	72.2	103.6
	March	116.5	116.2	141.1	72.0	103.2
	April	117.1	116.6	142.0	72.1	102.9
	May	117.5	116.6	142.0	72.1	102.8
	June	118.0	115.8	140.8	72.1	102.3
	July	118.5	115.8	141.4	72.1	100.3
	August	119.0	114.8	139.4	72.1	100.3
	September	119.8	115.6	140.6	73.1	100.0
	October	120.2	115.8	141.1	73.1	99.4
	November	120.3	115.7	140.9	73.1	99.4
	December	120.5	117.2	145.2	70.9	99.2
1989	January	121.1	116.8	145.0	70.9	97.4
	February	121.6	116.6	144.7	70.8	97.4
	March	122.3	116.2	144.1	70.8	96.9
	April	123.1	117.2	146.6	70.0	96.8
	May	123.8	117.9	147.8	69.8	97.4
	June	124.1	117.6	147.2	69.8	97.4
	July	124.4	117.8	147.8	69.6	97.0
	August	124.6	117.7	147.6	69.6	97.0
	September	125.0	117.8	147.9	69.6	96.9
	October	125.6	116.9	146.2	69.6	96.7
	November	125.9	117.2	146.8	69.6	96.8
	December	126.1	116.9	146.0	70.0	96.6
1990	January	127.4	117.6	148.4	69.1	95.2
	February	128.0	117.9	149.0	69.0	95.1
	March	128.4	118.2	149.7	69.0	95.0
	April	128.9	118.4	150.0	69.0	95.1
	May	129.2	118.0	149.2	69.0	95.2
	June	129.9	118.0	149.2	69.0	95.3
	July	130.4	115.5	145.4	67.4	95.4
	August	130.6	117.7	149.7	67.4	95.3
	September	132.7	117.9	150.1	67.4	95.2
	October	133.5	118.6	151.4	67.4	94.8
	November	133.8	118.6	151.4	67.4	94.7
	December	133.8	116.4	147.5	67.4	94.5

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Consumer Price Indices
(1982-1984=100)

	All Goods & Services	All Telephone Services	Local Services	Interstate Toll Service	Intrastate Toll Service
BLS Series ID	CUUR0000SA0	CUUR0000SE270A	CUUR0000SEED01	CUUR0000SS27051	CUUR0000SS27061
1991 January	134.6	119.3	153.4	67.1	93.4
February	134.8	119.2	153.2	67.1	93.4
March	135.0	119.3	153.2	67.5	93.3
April	135.2	119.3	153.4	67.5	92.9
May	135.6	119.3	153.6	67.5	92.6
June	136.0	119.5	153.6	67.5	93.1
July	136.2	119.6	153.8	67.5	93.2
August	136.6	119.7	154.1	67.5	93.2
September	137.2	119.9	154.2	68.0	93.1
October	137.4	120.0	154.5	68.0	92.9
November	137.8	120.4	155.0	68.2	93.3
December	137.9	120.5	155.0	68.3	93.1
1992 January	138.1	120.8	155.8	68.6	92.5
February	138.6	120.8	155.8	68.6	92.2
March	139.3	120.9	156.2	68.6	91.8
April	139.5	120.8	156.2	68.6	91.4
May	139.7	120.8	156.2	68.6	91.4
June	140.2	119.9	154.7	68.2	91.2
July	140.5	120.3	155.7	67.5	91.4
August	140.9	120.1	155.4	67.6	91.2
September	141.3	120.0	155.3	67.4	91.1
October	141.8	120.0	155.4	67.4	91.0
November	142.0	120.0	155.4	67.4	90.9
December	141.9	120.1	155.7	67.4	90.9
1993 January	142.6	120.7	156.4	68.3	90.6
February	143.1	120.7	156.3	68.3	90.6
March	143.6	120.9	156.3	69.0	90.7
April	144.0	120.3	155.3	69.0	90.5
May	144.2	120.9	156.3	69.0	90.6
June	144.4	120.7	156.0	69.0	90.3
July	144.4	121.0	156.2	69.3	90.7
August	144.8	121.2	156.3	70.1	90.7
September	145.1	121.6	156.7	70.3	90.9
October	145.7	121.8	156.8	70.8	91.0
November	145.8	121.9	157.0	70.8	91.0
December	145.8	122.3	157.2	71.8	91.1
1994 January	146.2	122.0	156.8	71.8	90.5
February	146.7	123.3	156.9	75.6	90.5
March	147.2	123.2	156.9	75.6	90.2
April	147.4	123.0	156.8	75.3	90.0
May	147.5	123.1	157.0	75.2	90.0
June	148.0	123.3	157.2	75.3	90.3
July	148.4	123.2	157.1	75.3	90.3
August	149.0	123.3	157.1	75.6	90.3
September	149.4	123.3	156.9	75.7	90.3
October	149.5	123.2	156.9	75.7	90.2
November	149.7	123.1	156.6	75.7	90.1
December	149.7	123.1	156.7	75.7	90.2

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Consumer Price Indices
(1982-1984=100)

	All Goods & Services	All Telephone Services	Local Services	Interstate Toll Service	Intrastate Toll Service
BLS Series ID	CUUR0000SA0	CUUR0000SE270A	CUUR0000SEED01	CUUR0000SS27051	CUUR0000SS27061
1995 January	150.3	124.7	160.9	76.3	85.9
February	150.9	123.8	160.4	74.3	85.6
March	151.4	123.6	160.1	74.1	85.5
April	151.9	123.7	160.0	74.9	85.5
May	152.2	123.5	159.5	74.9	85.7
June	152.5	124.0	160.5	74.9	85.5
July	152.5	124.1	160.4	74.9	86.2
August	152.9	123.9	160.2	74.9	86.0
September	153.2	124.1	160.5	74.9	86.1
October	153.7	124.2	160.5	74.9	86.8
November	153.6	124.1	160.6	74.4	86.7
December	153.5	124.6	160.7	75.8	86.8
1996 January	154.4	124.7	160.6	75.8	87.2
February	154.9	124.7	160.7	75.8	87.2
March	155.7	125.4	160.6	78.0	87.5
April	156.3	123.5	156.8	78.0	88.0
May	156.6	125.4	160.3	78.0	88.6
June	156.7	126.0	161.0	78.4	88.9
July	157.0	126.2	161.3	78.4	89.1
August	157.3	126.5	161.3	78.4	90.9
September	157.8	126.7	161.4	78.6	91.0
October	158.3	126.9	161.9	78.6	91.0
November	158.6	127.0	161.9	78.6	91.3
December	158.6	127.2	162.1	78.6	92.1
1997 January	159.1	127.6	161.7	80.4	91.9
February	159.6	127.6	162.3	78.8	93.6
March	160.0	127.9	162.6	78.8	93.9
April	160.2	128.0	162.7	78.8	93.8
May	160.1	128.0	162.9	78.8	93.8
June	160.3	128.3	163.5	78.8	93.8
July	160.5	128.3	163.4	78.7	94.1
August	160.8	127.1	163.4	74.8	94.1
September	161.2	127.1	163.3	74.8	94.5
October	161.6	127.3	163.7	75.1	93.9
November	161.5	127.6	163.8	75.1	95.0
December	161.3	127.5	163.8	75.2	94.7
1998 January	161.6		163.8	75.2	94.3
February	161.9	Discontinued	164.4	75.3	93.7
March	162.2	Refer to Table 7.5	165.6	75.3	94.4
April	162.5	for revised index	165.6	75.3	95.6
May	162.8	of telephone	165.7	76.3	96.2
June	163.0	service.	166.1	76.1	97.1
July	163.2		166.2	76.7	95.9
August	163.4		166.0	74.5	96.2
September	163.6		166.1	75.2	96.0
October	164.0		166.3	75.2	96.2

Table 7.5
New Consumer Price Indices (December 1997 = 100)

		Telephone Services	Local Telephone Service	Long Distance Charges	Interstate Toll Service	Intrastate Toll Service	Cellular Telephone Services
BLS Series ID		CUUR0000SEED	CUUR0000SEED01	CUUR0000SEED02	CUUR0000SS27051	CUUR0000SS27061	CUUR0000SEED03
	December	100.0	100.0	100.0	100.0	100.0	100.0
1998	January	99.9	100.0	99.8	100.0	99.6	99.0
	February	100.0	100.4	99.7	100.1	98.9	98.1
	March	100.4	101.1	99.9	100.1	99.7	97.4
	April	100.5	101.1	100.1	100.1	101.0	96.4
	May	101.1	101.2	101.3	101.5	101.6	96.2
	June	101.4	101.4	101.7	101.2	102.5	94.4
	July	101.5	101.5	101.9	102.0	101.3	94.2
	August	100.4	101.3	99.9	99.1	101.6	93.9
	September	100.7	101.4	100.4	100.0	101.4	94.1
	October	100.7	101.5	100.4	100.0	101.6	93.7

Table 7.6
Producer Price Indices
(June 1995 =100)

	Telephone Communications, except Radiotelephone	Local Service, except Private Lines	Residence Local Service	Business Local Service	Coin Local Service	Other Local Service	Directory Assistance	Other Local Service, except Directory Assistance
BLS Series ID	pcu4813#	pcu4813#1	pcu4813#111	pcu4813#112	pcu4813#113	pcu4813#114	pcu4813#11401	pcu4813#11409
1995 June	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July	102.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0
August	100.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0
September	100.6	100.1	100.0	100.2	100.6	100.0	100.0	100.0
October	100.4	100.0	99.8	100.2	100.6	100.0	100.0	100.0
November	99.6	100.0	99.8	100.2	100.6	100.0	100.0	100.0
December	99.6	100.0	99.8	100.2	100.6	100.0	100.0	100.0
1996 January	99.3	100.0	99.8	100.1	100.6	100.0	100.0	100.0
February	99.6	100.0	99.8	100.2	100.6	100.0	100.0	100.0
March	99.5	100.1	99.8	100.2	101.9	100.0	100.0	100.0
April	99.7	100.1	99.8	100.2	101.9	100.0	100.0	100.0
May	99.5	100.1	99.8	100.2	101.9	100.0	100.0	100.0
June	99.9	100.2	100.0	100.2	101.9	100.0	100.0	100.0
July	100.3	100.3	100.0	100.4	102.0	100.0	100.0	100.0
August	100.6	100.4	100.0	100.5	102.0	100.0	100.0	100.0
September	100.5	100.4	100.0	100.5	102.0	100.0	100.0	100.0
October	100.4	100.4	100.0	100.5	102.0	100.0	100.0	100.0
November	100.1	100.4	100.0	100.5	102.0	100.0	100.0	100.0
December	99.5	100.4	100.0	100.5	102.0	100.0	100.0	100.0
1997 January	100.5	100.4	100.0	100.5	102.0	100.0	100.0	100.0
February	99.8	100.4	100.0	100.5	102.0	100.0	100.0	100.0
March	99.0	100.3	100.0	100.5	102.0	100.0	100.0	100.0
April	99.2	100.4	100.0	100.6	102.0	100.0	100.0	100.0
May	99.9	100.5	100.2	100.7	102.1	100.0	100.0	100.0
June	100.4	100.5	100.2	100.7	102.1	100.0	100.0	100.0
July	100.1	100.4	100.1	100.5	102.1	100.0	100.0	100.0
August	100.4	100.4	100.1	100.5	102.1	100.0	100.0	100.0
September	99.3	100.4	100.1	100.5	102.1	100.0	100.0	100.0
October	99.0	100.4	100.2	100.5	102.1	100.0	100.0	100.0
November	99.0	100.5	100.2	100.5	102.1	102.3	103.6	100.0
December	99.1	100.4	100.2	100.5	101.4	102.3	103.6	100.0
1998 January	99.2	100.5	100.2	100.6	101.7	102.3	103.6	100.0
February	99.0	100.5	100.2	100.6	101.7	102.3	103.6	100.0
March	98.7	100.5	100.2	100.6	101.7	102.3	103.6	100.0
April	98.6	100.5	100.2	100.6	101.7	102.3	103.6	100.0
May	98.7	100.4	100.0	100.5	101.7	102.3	103.6	100.0
June	98.2	100.3	100.0	100.4	101.7	102.3	103.6	100.0
July *	98.3	100.5	100.2	100.6	101.7	102.3	103.6	100.0
August *	98.6	100.5	100.2	100.6	101.7	102.3	103.6	100.0
September *	98.6	100.3	100.1	100.4	101.7	102.3	103.6	100.0
October *	98.1	100.3	100.1	100.4	101.7	102.3	103.6	100.0

* Producer Price Indices are subject to revision four months after release

Table 7.6
Producer Price Indices
(June 1995 =100)

	Public Switched Toll Service	Residence Switched Toll Service	Intrastate Residence Switched Toll Service	Interstate Residence Switched Toll Service	International Residence Switched Toll Service	Business Switched Toll Service	Business Switched Access Toll Service	Outbound Business Switched Access Toll Service
BLS Series ID	pcu4813#2	pcu4813#21	pcu4813#211	pcu4813#212	pcu4813#213	pcu4813#22	pcu4813#221	pcu4813#2211
1995 June	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July	105.2	102.6	101.2	105.2	99.4	108.2	104.0	103.8
August	101.3	101.3	101.1	103.7	95.7	101.4	101.4	101.3
September	101.0	101.0	103.2	100.1	97.2	101.0	102.1	103.1
October	100.8	102.0	105.8	100.9	96.4	99.5	100.3	99.4
November	99.3	99.7	102.9	98.1	94.3	98.8	99.2	99.4
December	99.1	100.1	104.2	96.3	97.1	98.0	98.4	99.2
1996 January	98.8	99.6	101.6	99.3	95.0	97.8	98.7	99.1
February	99.3	100.3	104.7	98.2	95.0	98.0	99.0	98.3
March	99.0	101.3	106.3	98.8	92.9	96.3	96.5	96.2
April	99.3	100.6	104.2	98.6	93.3	97.8	98.4	98.0
May	98.8	100.8	106.0	97.9	93.8	96.5	96.7	97.8
June	99.5	101.2	106.0	98.2	94.2	97.5	97.2	97.5
July	100.2	102.8	106.4	102.3	92.8	97.1	97.4	97.2
August	100.9	103.3	110.4	99.2	90.5	98.0	99.4	99.7
September	100.6	102.1	107.8	98.1	89.3	98.9	100.3	101.7
October	100.4	101.2	104.0	101.3	85.9	99.4	102.5	105.0
November	99.9	100.1	105.7	99.1	79.8	99.7	101.3	101.4
December	98.8	99.2	105.1	97.0	77.8	98.2	99.2	97.8
1997 January	100.6	102.7	103.5	105.4	82.0	98.0	100.1	97.6
February	99.3	101.7	103.1	104.1	79.6	96.4	98.8	97.5
March	97.7	99.5	102.2	99.0	80.2	95.7	98.3	97.9
April	98.2	100.2	101.0	102.2	80.1	95.8	98.7	98.7
May	99.3	101.4	101.8	105.0	80.1	96.9	100.7	100.7
June	100.3	101.8	101.4	104.9	84.4	98.5	103.2	103.7
July	99.7	102.2	99.9	107.0	85.1	96.7	103.0	105.9
August	100.4	103.4	100.9	107.1	85.6	96.9	104.2	107.0
September	98.4	100.9	100.5	104.2	85.6	95.5	103.2	107.9
October	97.8	99.4	100.7	102.0	84.7	95.8	103.3	107.6
November	97.6	98.2	103.9	97.3	80.7	96.9	104.6	108.3
December	97.9	99.7	100.6	104.6	83.4	95.8	104.4	108.8
1998 January	98.0	100.5	99.0	107.2	82.7	95.0	102.9	108.7
February	97.7	100.2	96.7	110.0	76.8	94.6	103.0	111.1
March	97.2	100.8	94.0	115.1	78.1	93.0	100.5	108.9
April	97.0	99.1	97.8	107.3	78.0	94.4	103.0	112.6
May	97.2	99.9	99.2	107.3	79.6	94.0	102.7	111.5
June	96.4	98.9	99.3	105.3	77.6	93.5	102.2	111.2
July *	96.5	99.7	97.7	108.6	78.8	92.6	100.6	109.2
August *	96.9	99.8	97.8	109.6	77.0	93.4	101.8	111.1
September *	97.1	99.6	98.3	108.6	76.9	94.1	103.1	112.7
October *	96.2	99.0	97.8	108.3	74.5	92.8	101.8	110.8

* Producer Price Indices are subject to revision four months after release

Table 7.6
Producer Price Indices
(June 1995 =100)

	Intrastate Business Switched Access Toll Service, Outbound	Interstate Business Switched Access Toll Service, Outbound	International Business Switched Access Toll Service, Outbound	Inbound Business Switched Access Toll Service	Intrastate Business Switched Access Toll Service, Inbound	Interstate Business Switched Access Toll Service, Inbound	International Business Switched Access Toll Service, Inbound	Business Special Access Switched Toll Service, except Private Lines
BLS Series ID	pcu4813#22111	pcu4813#22112	pcu4813#22113	pcu4813#2212	pcu4813#22121	pcu4813#22122	pcu4813#22123	pcu4813#222
1995 June	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July	100.6	102.7	116.4	104.4	100.6	107.5	94.6	115.4
August	100.7	102.7	99.2	101.6	100.7	101.8	103.9	101.3
September	101.0	103.3	109.4	100.3	98.9	101.1	92.4	99.1
October	100.8	98.9	97.0	101.9	98.3	104.1	99.3	98.0
November	100.8	98.5	97.9	98.9	99.5	99.5	95.5	98.0
December	100.3	98.5	98.9	97.1	101.0	93.5	107.1	97.3
1996 January	100.9	95.9	102.7	98.0	96.2	95.6	106.6	96.3
February	101.5	96.5	94.0	100.1	97.4	98.8	101.2	96.4
March	100.7	93.7	88.7	97.0	95.3	90.4	93.4	95.8
April	101.2	94.8	96.3	99.0	95.9	94.9	91.0	96.9
May	101.6	95.1	93.9	94.7	91.2	92.3	88.1	96.2
June	101.1	96.5	87.6	96.5	96.6	90.0	93.9	98.2
July	101.6	95.3	88.8	97.7	95.6	89.6	93.2	96.7
August	102.0	101.6	88.5	98.9	91.4	94.8	100.6	95.6
September	102.2	108.2	84.0	97.7	92.3	94.2	92.9	96.6
October	103.1	114.5	87.4	98.1	91.0	94.4	93.6	94.2
November	101.7	106.0	89.1	101.0	91.6	97.9	86.7	96.9
December	101.8	98.2	82.2	101.5	90.8	91.5	93.2	96.7
1997 January	102.6	96.1	86.6	104.4	87.1	95.6	101.5	94.6
February	102.4	98.8	81.1	101.0	90.5	95.5	91.8	92.3
March	101.0	98.2	89.1	98.9	90.3	93.0	82.8	91.2
April	100.8	100.5	88.7	98.8	90.7	92.2	90.2	91.0
May	101.3	106.5	85.8	100.8	87.8	99.0	86.9	90.5
June	100.4	113.6	90.7	102.4	86.9	100.5	91.7	90.5
July	100.4	121.0	86.0	98.1	82.2	94.0	84.4	86.1
August	100.8	124.0	85.2	99.4	81.7	97.4	79.4	84.4
September	101.9	125.9	83.1	95.2	79.7	88.9	72.5	82.4
October	102.1	124.0	86.7	95.9	80.8	87.4	74.3	83.2
November	101.7	125.9	88.3	98.2	79.5	92.0	79.8	83.8
December	103.0	126.3	87.2	96.6	75.6	90.9	73.9	81.3
1998 January	102.6	126.3	85.3	92.8	76.0	85.4	68.8	81.7
February	102.5	132.1	87.5	88.9	74.2	84.7	74.3	80.6
March	102.3	128.2	83.6	85.9	75.7	80.6	74.8	80.3
April	102.5	137.3	85.8	86.4	72.9	84.2	67.3	79.7
May	101.6	135.6	86.5	87.3	69.5	85.8	62.3	79.2
June	102.8	132.8	87.0	86.5	70.0	85.0	59.8	78.8
July *	102.1	128.5	86.2	85.8	74.5	82.9	58.2	79.1
August *	103.8	133.2	82.8	85.7	71.0	81.9	68.5	79.2
September *	103.3	137.6	83.5	86.4	74.0	82.6	61.2	78.9
October *	103.8	133.2	80.5	86.2	74.9	82.2	57.3	77.7

* Producer Price Indices are subject to revision four months after release

Table 7.6
Producer Price Indices
(June 1995 =100)

	Outbound Business Special Access Switched Toll Service	Intrastate Business Special Access Switched Toll Service, Outbound	Interstate Business Special Access Switched Toll Service, Outbound	International Business Special Access Switched Toll Service, Outbound	Inbound Business Special Access Switched Toll Service	Intrastate Business Special Access Switched Toll Service, Inbound	Interstate Business Special Access Switched Toll Service, Inbound
BLS Series ID	pcu4813#2221	pcu4813#22211	pcu4813#22212	pcu4813#22213	pcu4813#2222	pcu4813#22221	pcu4813#22222
1995 June	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July	119.9	119.0	98.9	152.8	107.3	101.6	109.0
August	100.3	105.6	98.9	100.4	103.3	107.4	102.2
September	97.7	98.9	95.3	99.7	101.7	104.9	99.9
October	98.3	107.4	92.9	105.7	97.5	93.8	99.7
November	98.5	105.8	94.9	105.1	97.0	93.3	98.7
December	97.8	100.0	95.3	103.8	96.4	94.2	97.1
1996 January	95.8	105.2	92.6	97.8	97.1	93.5	97.7
February	95.1	103.6	91.7	96.6	98.9	96.7	101.5
March	94.3	101.2	89.4	98.7	98.5	92.5	100.8
April	95.3	102.1	92.4	97.1	99.9	108.5	98.8
May	96.6	93.8	92.2	100.6	95.5	98.3	96.0
June	96.2	102.2	86.6	103.2	101.6	102.2	105.4
July	95.1	112.2	82.9	101.7	99.4	101.2	101.1
August	95.9	110.6	89.6	101.2	95.0	101.7	91.1
September	95.1	100.7	91.6	98.7	99.3	100.1	100.1
October	93.3	96.0	91.2	93.2	95.9	103.0	97.8
November	93.6	93.8	94.3	91.5	102.9	113.1	107.5
December	90.7	90.3	87.7	93.7	107.3	103.0	118.1
1997 January	90.5	85.5	86.9	97.4	102.0	106.0	106.4
February	89.6	87.9	88.8	94.4	97.3	109.9	96.0
March	88.5	86.3	85.2	95.3	96.2	106.7	96.5
April	89.0	88.3	87.8	93.1	94.6	101.3	97.4
May	86.7	87.0	85.6	88.8	97.3	102.5	101.1
June	87.3	82.0	83.7	89.3	96.1	99.9	99.4
July	83.3	83.4	77.7	90.5	91.1	98.5	90.0
August	81.0	83.5	74.0	89.0	90.6	96.0	91.4
September	76.9	82.8	68.5	83.2	92.3	86.6	97.2
October	77.9	81.2	72.4	81.7	92.7	88.4	97.2
November	77.8	85.5	72.0	82.1	94.6	80.3	99.1
December	76.8	86.0	69.3	79.3	89.5	79.1	89.7
1998 January	75.9	83.4	69.0	82.3	92.2	71.7	96.3
February	73.2	79.7	65.7	82.6	93.9	73.6	104.0
March	76.7	85.8	69.9	86.0	86.7	68.4	94.4
April	74.7	77.9	70.3	80.9	88.8	65.6	103.5
May	73.0	79.8	69.6	75.2	90.4	71.2	101.8
June	68.7	76.0	63.5	72.3	96.9	76.8	110.9
July *	72.6	69.0	67.9	81.0	90.6	79.0	103.0
August *	69.1	76.1	64.0	72.8	97.4	74.9	116.8
September *	67.4	69.7	62.9	71.5	99.4	80.4	118.9
October *	64.2	64.4	59.8	67.2	101.8	74.9	125.0

* Producer Price Indices are subject to revision four months after release

Table 7.6
Producer Price Indices
(June 1995 =100)

	International Business Special Access Switched Toll Service, Inbound	Other Toll Service	Private Line Service	Intrastate Private Line Service	LEC Intrastate Private Line Service	Other Telephone Services	Directory Advertising	Other Telephone Services
BLS Series ID	pcu4813#22223	pcu4813#29	pcu4813#3	pcu4813#31	pcu4813#311	pcu4813#9	pcu4813#91	pcu4813#99
1995 June	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July	99.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0
August	98.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0
September	97.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	97.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	97.2	100.0	100.0	100.0	100.0	100.2	100.3	100.0
December	97.1	100.0	100.0	100.0	100.0	100.2	100.3	100.0
1996 January	97.0	100.0	100.0	100.0	100.0	100.2	100.3	100.0
February	97.3	100.0	100.0	99.9	99.9	100.2	100.3	100.0
March	97.4	100.0	100.0	99.9	99.9	100.2	100.3	100.0
April	97.6	100.0	100.4	101.1	101.2	100.2	100.3	100.0
May	97.5	100.1	100.4	101.1	101.2	100.2	100.3	100.0
June	97.7	99.8	100.4	101.1	101.2	100.2	100.3	100.0
July	97.5	100.3	100.4	101.1	101.2	100.2	100.2	100.0
August	97.2	100.9	100.4	101.1	101.2	100.2	100.3	100.0
September	97.1	100.2	100.4	101.1	101.2	100.2	100.2	100.0
October	97.2	100.2	100.3	100.8	100.9	100.4	100.5	100.0
November	96.9	100.2	100.3	100.8	100.9	100.6	100.7	100.0
December	96.7	100.2	100.3	100.8	100.9	100.6	100.7	100.0
1997 January	96.7	100.2	100.3	100.8	100.9	100.5	100.7	100.0
February	96.5	100.2	100.3	100.8	100.9	100.6	100.7	100.0
March	96.6	100.2	100.3	100.8	100.9	100.5	100.6	100.0
April	96.8	100.2	100.3	100.8	100.9	100.5	100.7	100.0
May	97.2	100.2	100.3	100.9	101.1	100.5	100.7	100.0
June	97.3	100.2	100.3	100.9	101.1	100.5	100.6	100.0
July	96.9	100.2	100.3	100.9	101.1	100.5	100.6	100.0
August	97.1	100.2	100.3	100.9	101.1	100.5	100.6	100.0
September	97.0	100.2	100.3	100.8	100.9	100.5	100.6	100.0
October	96.9	100.6	100.3	100.8	100.9	100.7	100.8	100.0
November	96.7	100.6	100.3	100.8	100.9	100.7	100.9	100.0
December	96.7	100.7	100.3	100.8	100.9	100.7	100.8	100.0
1998 January	96.5	100.5	100.3	100.8	100.9	100.7	100.8	100.0
February	96.5	101.3	100.3	100.8	100.9	100.8	100.9	100.0
March	96.4	101.0	100.3	100.8	100.9	100.7	100.9	100.0
April	96.6	101.8	100.3	100.8	100.9	100.7	100.8	100.0
May	96.4	101.8	100.3	100.8	100.9	100.7	100.8	100.0
June	96.5	101.8	100.3	100.8	100.9	100.7	100.8	100.0
July *	96.5	101.8	100.3	100.8	100.9	100.7	100.8	100.0
August *	96.5	101.8	100.3	100.8	100.9	100.7	100.8	100.0
September *	96.4	102.2	100.3	100.8	100.9	100.6	100.8	100.0
October *	96.3	101.7	100.3	100.8	100.9	100.6	100.8	100.0

* Producer Price Indices are subject to revision four months after release

TABLE 7.7

AVERAGE RESIDENTIAL RATES FOR LOCAL SERVICE IN URBAN AREAS

(as of October 15)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Representative Monthly Charge *	\$12.58	\$12.44	\$12.32	\$12.30	\$12.36	\$13.03	\$13.05	\$13.16	\$13.19	\$13.62	\$13.71	\$13.82
Subscriber Line Charges	2.04	2.66	2.67	3.53	3.55	3.56	3.55	3.55	3.55	3.54	3.54	3.53
Additional Monthly Charge for Touch-tone Service	1.57	1.52	1.54	1.52	1.33	1.06	0.97	0.94	0.77	0.44	0.30	0.12
Taxes and 911 Charges	1.51	1.56	1.58	1.70	2.00	2.12	2.15	2.29	2.31	2.41	2.40	2.44
Total Monthly Charge	17.70	18.18	18.11	19.05	19.24	19.77	19.72	19.95	19.81	20.01	19.95	19.92
Basic Connection Charge	\$45.63	\$44.04	\$42.94	\$43.06	\$43.06	\$42.00	\$41.50	\$41.38	\$41.28	\$40.91	\$41.11	\$41.06
Additional Connection Charge for Touch-tone Service	1.34	1.31	1.55	1.76	1.77	1.27	1.22	1.23	0.85	0.23	0.23	0.17
Taxes	2.28	2.20	2.11	2.44	2.32	2.30	2.29	2.30	2.33	2.44	2.36	2.46
Total Connection Charge	46.97	45.35	44.49	44.82	44.83	45.57	42.72	44.92	44.46	43.58	43.70	43.68
Additional Charge if Drop Line and Connection Block Needed	n.a.	n.a.	6.04	6.07	6.89	6.89	6.50	7.29	6.74	5.90	5.74	5.65
Lowest-cost Inside Wiring Maintenance Plan	\$0.58	\$0.85	\$0.89	\$1.07	\$1.07	\$1.20	\$1.25	\$1.31	\$1.45	\$1.52	\$1.78	\$1.62

* Rate is based on flat-rate service where available, and on measured/message service with 100 five-minute, same-zone business-day calls elsewhere.

TABLE 7.8**AVERAGE LOCAL RATES FOR BUSINESSES WITH A SINGLE LINE IN URBAN AREAS**

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Monthly Representative Service Charge*	\$31.06	\$30.97	\$32.29	\$32.45	\$32.70	\$32.25	\$32.48	\$32.58	\$32.69
Subscriber Line Charges	3.55	3.57	3.57	3.56	3.57	3.57	3.57	3.54	3.54
Extra for Touch-tone	2.43	2.35	1.84	1.71	1.67	1.21	0.97	0.82	0.44
Tax including 911 Charges	4.21	4.32	4.42	4.57	4.63	4.61	4.79	4.87	4.99
Total Monthly Charge	41.25	41.21	42.12	42.29	42.57	41.64	41.80	41.81	41.65
Monthly Charge for Flat-rate Service	\$33.04	\$33.29	\$34.12	\$34.06	\$34.85	\$34.39	\$34.45	\$34.42	\$34.55
Subscriber Line Charges	3.65	3.69	3.70	3.70	3.70	3.70	3.69	3.61	3.61
Extra for Touch-tone	2.12	2.11	1.87	1.84	1.76	1.12	1.00	0.89	0.58
Tax including 911 Charges	4.90	4.98	5.22	5.34	5.50	5.36	5.58	5.55	5.59
Total Monthly Charge for Flat-rate Service	43.71	44.07	44.91	44.94	45.81	44.57	44.71	44.47	44.33
Monthly Charge for Measured/Message Service	\$16.18	\$16.17	\$16.76	\$16.55	\$16.60	\$16.74	\$17.06	\$17.26	\$17.39
200 Five-minute Business-day Same-zone Calls	16.11	16.19	16.70	17.23	17.57	17.38	17.15	17.1	17.03
Subscriber Line Charges	3.54	3.55	3.55	3.54	3.55	3.55	3.54	3.51	3.51
Extra for Touch-tone	2.48	2.39	1.87	1.73	1.68	1.22	0.98	0.83	0.45
Tax including 911 Charges	4.41	4.53	4.56	4.77	4.86	4.83	5.01	5.13	5.20
Total Monthly Charge for Measured/Message Service	42.72	42.83	43.44	43.82	44.26	43.72	43.75	43.84	43.58
Cost of a Five-minute Business-day Same-zone Call	\$0.0929	\$0.0933	\$0.0912	\$0.0931	\$0.0942	\$0.0923	\$0.0925	\$0.0923	\$0.0921
Basic Connection Charge	\$71.05	\$71.36	\$72.75	\$72.55	\$71.41	\$69.88	\$67.87	\$68.47	\$68.58
Additional Connection Charge for Touch-tone Service	1.70	1.89	1.13	1.19	1.17	0.92	0.27	0.17	0.17
Tax	4.06	4.15	4.32	4.33	4.25	4.13	4.17	4.2	4.42
Total Connection Charge	76.81	77.40	78.20	78.07	76.83	74.93	72.31	72.85	73.18
Additional Charge if Drop Line and Connection Block Needed	5.92	7.87	6.90	6.83	6.64	6.49	7.28	6.98	6.86
Lowest-cost Inside Wiring Maintenance Plan	\$1.78	\$1.91	\$2.05	\$2.03	\$2.08	\$2.26	\$2.39	\$2.63	\$2.76

* Rate is based on flat-rate service where available, and on measured/message service with 200 five-minute, same-zone business-day calls elsewhere.

TABLE 7.9**AVERAGE MONTHLY LOCAL RATES OF RUS BORROWERS**

Year	Average Business Rate*	Average Residential Rate*	Percentage of US Access Lines
1994	\$20.88	\$11.05	5.03%
1995	\$20.84	\$10.94	3.79%
1996	\$21.41	\$11.17	3.83%

* Average rates do not include subscriber line charges, surcharges, 911 charges, or taxes.

TABLE 7.10

**CHANGES IN THE PRICE OF DIRECTLY DIALED FIVE-MINUTE LONG DISTANCE CALLS
(AT&T basic rate schedules)**

Calling Distance (in airline miles, rate center to rate center)	Residential*			Business**			
	January 1984	June 1998	Percentage Change	January 1984	June 1998	Percentage Change	
1 - 10 Day	\$0.96	\$1.40	45.8 %	\$0.96	\$1.82	89.3 %	
	Evening	0.57	0.80	40.4	0.57	1.82	218.9
	Night & Weekend	0.38	0.65	71.1	0.38	1.82	378.3
11 - 22 Day	1.28	\$1.40	9.4	1.28	1.82	42.0	
	Evening	0.76	0.80	5.3	0.76	1.82	139.1
	Night & Weekend	0.51	0.65	27.5	0.51	1.82	256.4
23 - 55 Day	1.60	\$1.40	-12.5	1.60	1.82	13.6	
	Evening	0.96	0.80	-16.7	0.96	1.82	89.3
	Night & Weekend	0.64	0.65	1.6	0.64	1.82	184.0
56 - 124 Day	2.05	\$1.40	-31.7	2.05	1.82	-11.3	
	Evening	1.22	0.80	-34.4	1.22	1.82	49.0
	Night & Weekend	0.82	0.65	-20.7	0.82	1.82	121.6
125 - 292 Day	2.14	\$1.40	-34.6	2.14	1.82	-15.1	
	Evening	1.28	0.80	-37.5	1.28	1.82	42.0
	Night & Weekend	0.85	0.65	-23.5	0.85	1.82	113.8
293 - 430 Day	2.27	\$1.40	-38.3	2.27	1.82	-19.9	
	Evening	1.36	0.80	-41.2	1.36	1.82	33.6
	Night & Weekend	0.90	0.65	-27.8	0.90	1.82	101.9
431 - 925 Day	2.34	\$1.40	-40.2	2.34	1.82	-22.3	
	Evening	1.40	0.80	-42.9	1.40	1.82	29.8
	Night & Weekend	0.93	0.65	-30.1	0.93	1.82	95.4
926 - 1910 Day	2.40	\$1.40	-41.7	2.40	1.82	-24.3	
	Evening	1.44	0.80	-44.4	1.44	1.82	26.2
	Night & Weekend	0.96	0.65	-32.3	0.96	1.82	89.3
1911 - 3000 Day	2.70	\$1.40	-48.1	2.70	1.82	-32.7	
	Evening	1.62	0.80	-50.6	1.62	1.82	12.2
	Night & Weekend	1.08	0.65	-39.8	1.08	1.82	68.3
3001 - 4250 Day	2.80	\$1.40	-50.0	2.80	1.82	-35.1	
	Evening	1.68	0.80	-52.4	1.68	1.82	8.2
	Night & Weekend	1.12	0.65	-42.0	1.12	1.82	62.3
4251 - 5750 Day	2.91	\$1.40	-51.9	2.91	1.82	-37.5	
	Evening	1.74	0.80	-54.0	1.74	1.82	4.5
	Night & Weekend	1.16	0.65	-44.0	1.16	1.82	56.7

SOURCE: AT&T TARIFFS AND INDUSTRY ANALYSIS DIVISION, REFERENCE BOOK OF RATES, PRICE INDICES,
AND HOUSEHOLD EXPENDITURES FOR TELEPHONE SERVICE.

* AT&T initiated a new rate structure for residential customers on November 8, 1997. The new rate structure eliminates mileage bands and implements weekday peak and off-peak time bands and a weekend band. The new rates are shown in the old rate structure for the purposes of comparison.

** AT&T initiated a new rate structure for business customers on November 5, 1997. The rate structure eliminates mileage, time-of-day, and day-of-week bands. The new rates are shown in the old rate structure for the purposes of comparison.

TABLE 7.11
AVERAGE BILLED REVENUE PER MINUTE

	AT&T	All Carriers **		
	All Interstate and International Switched Services *	All Interstate and International Switched Services	International Switched Services	All Domestic Interstate Switched Services
1984	32.3 ¢			
1985	30.8			
1986	28.0			
1987	24.5			
1988	23.4			
1989	21.8			
1990	20.1			
1991	19.7			
1992	19.4	19.3 ¢	100.2 ¢	15.0 ¢
1993	18.9	18.7	99.6	14.3
1994	18.1	17.8	90.0	13.6
1995	N/A	17.1	92.2	12.4
1996	N/A	16.1	79.0	11.8
1997	N/A	14.4	67.5	10.3

* Source: AT&T.

** Source: Industry Analysis Division, *Telecommunications Industry Revenue: 1997*

TABLE 7.12

**INTERSTATE PER-LINE ACCESS CHARGES
(NATIONAL AVERAGE PER MONTH PER LINE) ***

Rates in Effect		Charged to End Users ** (Subscriber Line Charges)			Charged to Long Distance Carriers *** (Presubscribed Interexchange Carrier Charges)			
From	To	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex
05/26/84	05/31/85	\$0.00		\$4.99				
06/01/85	09/30/85	1.00		4.99				
10/01/85	05/31/86	1.00		4.97				
06/01/86	12/31/86	2.00		4.97				
01/01/87	06/30/87	2.00		5.12				
07/01/87	12/31/87	2.60		5.12				
01/01/88	11/30/88	2.60		5.01				
12/01/88	03/31/89	3.20		5.01				
04/01/89	12/31/89	3.50		4.94				
01/01/90	06/30/90	3.48		4.84				
07/01/90	12/31/90	3.48		4.83				
01/01/91	06/30/91	3.48		4.77				
07/01/91	11/27/91	3.49		4.74				
11/28/91	06/30/92	3.49		4.76				
07/01/92	06/30/93	3.49		4.68				
07/01/93	06/30/94	3.50		5.37				
07/01/94	06/30/95	3.50		5.45				
07/01/95	06/30/96	3.50		5.50				
07/01/96	06/30/97	3.50		5.53				
07/01/97	12/31/97	3.50		5.68				
01/01/98	06/30/98	3.50	4.98	6.92	0.49	1.50	2.52	0.35
07/01/98	12/31/98	3.50	4.99	7.11	0.49	1.38	2.38	0.38

* This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool.

** Prior to 01/01/98 carriers did not charge separate subscriber line charge (SLC) rates for primary and non-primary residential lines. Therefore, the residential and single-line business average SLCs reported prior to 01/01/98 include all residential SLC charges. The average residential and single-line business SLC rate for 01/01/98 now excludes non-primary residential SLC charges. Non-primary SLC charges are now reported separately, except for the LECs in the NECA pool, which continue to charge a single residential SLC. Under price-cap regulation the caps on SLCs for primary residential and single-line business, non-primary residential, and multiline business and Centrex lines equal \$3.50, \$5.00, and \$9.00, respectively. For NECA pool companies the residential SLC cap is \$3.50, while the multiline business and Centrex SLC cap equals \$6.00.

*** On 01/01/98 price-cap carriers began to charge presubscribed interexchange carrier charges (PICCs). The reported PICCs are averages per line including both price-cap and NECA pool lines. While carriers do not charge different rates for Centrex and multiline business SLCs, they do charge different PICC rates for these lines. Therefore, the average multiline business and Centrex PICC rates are reported separately. However, multiline business line counts, used to compute average PICC rates, include Centrex lines for LECs in the NECA pool, which do not charge PICCs or distinguish in access filings between the two line types. Under price-cap regulation the caps on PICCs for primary residential and single-line business, non-primary residential, and multiline business lines equal \$0.53, \$1.50, and \$2.75, respectively. Centrex PICC caps are determined by level of service.

TABLE 7.13

INTERSTATE PER-MINUTE ACCESS CHARGES
(NATIONAL AVERAGE IN CENTS PER MINUTE) *

Rates in Effect		Interstate Charges for Switched Access Service				
From	To	Carrier Common Line per Originating Access Minute*	Carrier Common Line per Terminating Access Minute*	Traffic Sensitive per Switched Minute	Non-Traffic Sensitive per Switched Minute**	Total Charge per Conversation Minute ***
05/26/84	01/14/85	5.24 ¢	5.24 ¢	3.10 ¢		17.26 ¢
01/15/85	05/31/85	5.43	5.43	3.10		17.66
06/01/85	09/30/85	4.71	4.71	3.10		16.17
10/01/85	05/31/86	4.33	4.33	3.10		15.38
06/01/86	12/31/86	3.04	4.33	3.10		14.00
01/01/87	06/30/87	1.55	4.33	3.10		12.41
07/01/87	12/31/87	0.69	4.33	3.10		11.49
01/01/88	11/30/88	0.00	4.14	3.10		10.56
12/01/88	02/14/89	0.00	3.39	3.00		9.60
02/15/89	03/31/89	0.00	3.25	3.00		9.46
04/01/89	12/31/89	1.00	1.83	3.00		9.11
01/01/90	06/30/90	1.00	1.53	2.50		7.78
07/01/90	12/31/90	1.00	1.23	2.50		7.48
01/01/91	06/30/91	1.00	1.14	2.40		7.18
07/01/91	06/30/92	0.88	1.06	2.40		6.97
07/01/92	06/30/93	0.79	0.95	2.40		6.76
07/01/93	06/30/94	0.88	1.16	2.20		6.66
07/01/94	06/30/95	0.84	1.08	2.10	0.28 ¢	6.89
07/01/95	06/30/96	0.74	0.89	1.96	0.21	6.16
07/01/96	06/30/97	0.72	0.89	1.95	0.17	6.04
07/01/97	12/31/97	0.64	0.84	1.63	0.14	5.18
01/01/98	06/30/98	0.68	0.23	1.29	0.21	4.04
07/01/98	12/31/98	0.91	0.20	0.99	0.30	3.82

* This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. These average rates are calculated differently from those published previously in the TRENDS IN TELEPHONE SERVICE, January 1998. In the January version, the average rates included the average revenue per minute from primary interexchange carrier charges (PICCs). This table no longer includes the PICC charge. Instead, the PICC charge per line is reported in Table 1.1.

** Non-traffic sensitive charges include switching and transport charges that are not assessed per minute, but are assessed on a per-unit or a per-call basis, and do not include primary interexchange carrier charges (PICCs). Prior to 07/01/94 these charges were included in the average traffic sensitive rates.

*** The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both traffic sensitive and non-traffic sensitive charges per switched minute.

TABLE 7.14

**INTERSTATE PER-LINE ACCESS CHARGES BY CARRIER
(IN DOLLARS PER MONTH PER LINE) ***

Company	Rates Effective 7/01/98							1997 Average Monthly Access Lines **** (Thousands)			
	Subscriber Line Charges **			Presubscribed Interexchange Carrier Charges ***							
	Residential and Single-Line Business	Non-Primary Residential	Multiline Business and Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex	Residential and Single-Line Business	Non-Primary Residential	Multiline Business	Centrex
Ameritech	\$3.50	\$5.00	\$5.46	\$0.53	\$1.50	\$2.75	\$0.31	11,656	1,662	3,690	2,235
Bell Atlantic	\$3.50	\$4.94	\$6.13	\$0.53	\$1.50	\$2.75	\$0.46	12,122	1,630	4,058	2,534
BellSouth	\$3.50	\$5.00	\$8.14	\$0.53	\$1.50	\$2.75	\$0.30	14,372	1,735	4,595	1,464
NYNEX	\$3.50	\$5.00	\$8.25	\$0.53	\$1.50	\$2.75	\$0.32	11,488	793	3,571	1,441
Pacific Telesis	\$3.50	\$5.00	\$6.14	\$0.53	\$0.55	\$0.57	\$0.41	9,806	1,304	3,436	1,598
SBC	\$3.50	\$5.00	\$7.26	\$0.53	\$1.50	\$2.75	\$0.38	9,704	874	3,586	704
U S WEST	\$3.50	\$5.00	\$8.29	\$0.53	\$1.50	\$2.75	\$0.31	10,156	1,241	3,497	792
GTE	\$3.50	\$5.00	\$8.26	\$0.53	\$1.50	\$2.75	\$0.46	12,733	793	2,912	1,136
Aliant	\$3.50	\$5.00	\$7.19	\$0.53	\$1.50	\$2.75	\$0.85	183	10	43	30
Frontier	\$3.50	\$5.00	\$5.81	\$0.53	\$1.50	\$2.75	\$0.36	693	24	111	97
SNET	\$3.50	\$5.00	\$8.04	\$0.53	\$1.50	\$2.75	\$0.60	1,427	101	282	247
Sprint Local	\$3.50	\$5.00	\$7.48	\$0.53	\$1.50	\$2.69	\$0.36	5,257	345	1,032	440
Citizens	\$3.50	\$5.00	\$9.00	\$0.53	\$1.50	\$2.75	\$0.59	684	15	118	48
Cincinnati Bell	\$3.50	\$5.00	\$5.94	\$0.53	\$1.50	\$2.75	\$0.31	654	51	197	68
All Price Caps	\$3.50	\$4.99	\$7.15	\$0.53	\$1.38	\$2.51	0.38	100,936	10,578	31,129	12,834
NECA	\$3.50	N/A	\$6.00	\$0.00	N/A	\$0.00	N/A	8,190	N/A	1,743	N/A
All Carriers	\$3.50	\$4.99	\$7.11	\$0.49	\$1.38	\$2.38	\$0.38	109,126	10,578	32,871	12,834

SOURCE: ANNUAL FILINGS EFFECTIVE JULY 1, 1998.

* This table shows average rates (weighted by access lines) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier.

** On 01/01/98 carriers began charging separate subscriber line charge (SLC) rates for primary and non-primary residential lines. Therefore, the average residential and single-line business SLC rate now excludes non-primary residential SLC charges. Non-primary SLC charges are now reported separately, except for LECs in the NECA pool, which continue to charge a single residential SLC.

*** On 01/01/98 price-cap carriers began to charge presubscribed interexchange carrier charges (PICCs). While carriers do not charge different rates for Centrex and multiline business SLCs, they do charge different PICC rates for these lines. Therefore, the average multiline business and Centrex PICC rates are reported separately. However, multiline business counts, used to compute average PICC rates, include Centrex lines for LECs in the NECA pool, which do not charge PICCs or distinguish in access filings between the two line types.

**** Access line counts measure lines that companies report as qualified to receive subscriber line charges. ISDN-BRI lines, which are charged non-primary residential SLC and PICC rates, are included in the non-primary residential line counts. ISDN-PRI lines, which are charged rates equal to five times the multiline business SLC and PICC rates, are multiplied by five and added to multiline business counts.

TABLE 7.15

**INTERSTATE PER-MINUTE ACCESS CHARGES BY CARRIER
(IN CENTS PER MINUTE) ***

Company	Rates Effective 7/01/98				Total Charge per Conversation Minute ***	1997 Minutes of Use (Millions)		
	Carrier Common Line per Originating Access Minute	Carrier Common Line per Terminating Access Minute	Switched Traffic Sensitive per Access Minute	Switched Non-Traffic Sensitive per Access Minute **		CCL Originating	CCL Terminating	Local Switching
	Ameritech	0.47 ¢	0.00 ¢	0.77 ¢		0.31 ¢	2.71 ¢	18,700
Bell Atlantic	0.80	0.00	0.62	0.17	2.48	23,041	46,847	70,045
BellSouth	1.41	0.03	0.80	0.27	3.74	27,870	45,484	73,846
NYNEX	1.26	0.00	1.44	0.26	4.85	18,536	36,892	56,308
Pacific Telesis	0.03	0.00	0.72	0.36	2.24	12,977	26,034	39,054
SBC	0.00	0.00	0.96	0.29	2.57	15,773	25,814	42,030
U S WEST	0.56	0.00	1.02	0.65	4.01	21,351	34,436	55,908
GTE	2.00	1.15	0.92	0.19	5.57	18,388	29,819	48,834
Aliant	0.06	0.00	1.52	0.32	3.85	258	426	688
Frontier	1.19	0.26	1.29	0.36	4.93	735	1,659	2,396
SNET	0.34	0.00	1.29	0.28	3.60	3,178	5,095	8,276
Sprint Local	1.29	0.61	1.06	0.22	4.62	8,213	12,767	21,110
Citizens	2.64	1.57	1.85	0.42	9.06	1,077	1,431	2,520
Cincinnati Bell	0.55	0.00	0.85	0.17	2.69	1,111	1,799	2,912
All Price Caps	0.91	0.15	0.92	0.30	3.64	171,209	300,879	474,868
NECA	1.00	1.18	3.57	0.08	9.80	11,751	13,622	13,365
All Carriers	0.91 ¢	0.20 ¢	0.99 ¢	0.30 ¢	3.82 ¢	182,960	314,501	488,233

SOURCE: ANNUAL FILINGS MADE EFFECTIVE JULY 1, 1998. CCL MINUTES FOR PACIFIC TELESIS ARE FROM 1997 ARMIS 43-01 REPORTS FILED AT THE COMMISSION.

* This table shows average rates (weighted by minutes of use) for all local exchange carriers (LECs) that file access tariffs subject to price-cap regulation and all LECs in the National Exchange Carrier Association (NECA) pool. Rates are composites of all regions and subsidiaries of each local exchange carrier. These average rates are calculated differently from those published previously in the TRENDS IN TELEPHONE SERVICE, January 1998. In the January version, the average rates included the average revenue per minute from primary interexchange carrier charges (PICCs). This table no longer includes the PICC charge. Instead, the PICC charge per line is reported in Table 1.3.

** Non-traffic sensitive charges include switching and transport charges that are not assessed per minute, but are assessed on a per-unit or a per-call basis, and do not include primary interexchange carrier charges (PICCs).

*** The total charge per conversation minute consists of charges on the originating end of the call, which are adjusted for dialing and call setup time, plus charges on the terminating end. Originating charges per conversation minute equal the carrier common line charge per originating access minute plus the traffic sensitive charge per switched minute, both multiplied by 1.07 to account for dialing and call setup time, plus the non-traffic sensitive charge per switched minute. Terminating charges per conversation minute equal carrier common line charges per terminating access minute plus both the traffic sensitive and non-traffic sensitive charges per switched minute.