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☞ Details: Audit Report 06-5: Universal Service Fund, Public Service Commission

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WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

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**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Biennial Review of Universal Service
Fund Rules

Docket No. 1-AC-198

WRITTEN COMMENTS OF VERIZON WIRELESS

To: Ms. Sandra Paske
Secretary to the Commission
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, Wisconsin 53707-7854

Verizon Wireless¹ appreciates the opportunity to provide written comments concerning the draft proposed rule changes to Ch. PSC 160, Wis. Admin. Code, the Universal Service Rules, as set forth in the June 1, 2006 Notice of Proposed Rulemaking issued by the Commission. Verizon Wireless is opposed to (1) expanding the eligibility of wireless telecommunications providers to receive funds from the Wisconsin Universal Service Fund (WUSF) and, (2) requiring wireless providers to pay assessments into the WUSF. Further, federal law preempts Wisconsin's prohibition against wireless providers separately surcharging customers for state universal service fund contributions. The Commission may not resume assessments against wireless telecommunications providers without first addressing this conflict with federal law.

Background

The WUSF provides assistance to assure the availability of essential wireline telecommunications services and accordingly, is funded by contributions from wireline telecommunications providers. Wireless telecommunications providers have been exempt from assessments for contributions to the fund, except for a few months during 2000. The Commission suspended assessments on CMRS in November 2000. It later suspended these assessments for an indefinite period in December 2001. *Administration of the Universal Service Fund*, PSCW Docket No. 05-GF-104, Orders dated November 8, 2000 and December 21, 2001. In 2001, the Wisconsin Legislature exempted CMRS providers

¹ Verizon wireless is comprised of the following federally licensed entities in Wisconsin: Duluth MSA Limited Partnership; Southern & Central Wireless; Verizon Wireless (VAW) LLC; Verizon Wireless Power Partners Inc.; Verizon Wireless Personal Communications LP.

from Wisconsin USF assessments by statute until such time that the Commission promulgates rules to designate CMRS providers as eligible for both state and federal universal service funding. 2001 Wisconsin Act 16 Amendments, §196.202 (2) Stats.

The Rules Should Not Be Changed to Designate Wireless Carriers As Eligible for State Universal Service Funding

The proposed rules would amend PSC 160.13 to enable CMRS providers to be designated as ETCs for state universal service funding. Verizon Wireless opposes this change because it will increase demand on the WUSF, particularly the Commission-administered portion of which has been historically capped at an annual budget of \$6 million. Verizon Wireless is concerned that existing LEC recipients will argue for an expanded fund in order to retain their existing subsidies. This will result in higher assessments on both wireless and wireline customers. Even in the absence of this pressure, Verizon Wireless believes the change to the ETC provisions is unwarranted.

The Commission has designated numerous wireless carriers as ETCs for the limited purpose of obtaining federal universal service high cost support funding in Wisconsin.² Until there is a showing that the federal funding is insufficient to facilitate wireless service in certain communities or to certain customers, the Commission should not expand eligibility for state universal service funding to wireless carriers. There has been no showing of need by wireless carriers for access to state universal service subsidies.

The federal USF programs are more appropriate for wireless service providers because the funding is used to help cover the costs of expanding infrastructure in high cost areas. In contrast, the Wisconsin USF provides funding to wireline providers with high rates by effectively subsidizing customer bills. Most wireless carriers offer service to customers at uniform national or regional rates -- with rates not changing by wireline wire center or community. Therefore, it would be difficult for the state USF administrator to determine which wireless service customers to subsidize.

Such rate-based subsidies also could lead to competitive disparities among competing wireless carriers in Wisconsin, putting non-subsidized wireless carriers (like Verizon Wireless) at a competitive disadvantage when competing to provide service to the same customers. Before imposing state subsidy wedges in the highly competitive wireless market, the Commission should clearly identify the problem it is seeking to solve and the associated costs of the proposed solution.

The Rules Should Not Be Changed to Require Wireless Carriers to Contribute to the WI Universal Service Fund

The Commission and the Legislature wisely determined in the past to keep the Wisconsin USF targeted toward wireline services and to keep the funding as lean as possible. The

² Verizon Wireless has not sought federal ETC status in Wisconsin.

Wisconsin USF assessment is essentially a tax on communications services that makes these services more expensive and less accessible to consumers. Wireless carriers have developed low-priced family plan options to reach price sensitive consumers and these plans have opened up communications options for a multitude of consumers. Adding federal and state USF, 911, E911 and other regulatory assessments, along with state sales taxes onto a wireless family share plan quickly converts a \$9.99 family share line into a plan with a monthly charge of \$12.71 (an increase of over 25% to the base charge), making these and other plans less affordable and attractive to all customers.

The FCC recently increased the federal wireless safe harbor percentage from 28.5% to 37.1%, which will increase the federal USF burden on some wireless carriers and customers.³ Wisconsin wireless customers also recently faced an increase in state regulatory assessment through the imposition of the Wisconsin E911 assessment in December 2005. The Commission should not add to these consumer burdens -- and thereby discourage consumer use of wireless service-- by imposing a state USF assessment on competitive wireless carriers unless there is a demonstrated, significant need to expand the size of the fund and the contribution base. As noted above, Verizon Wireless does not believe there is any basis to expand the Wisconsin USF in order to fund wireless ETCs, a function effectively performed by the federal USF.

Federal Law Preempts the Wisconsin Statute Prohibiting Separate Surcharges for Wisconsin USF Assessments

Currently, there are statutory and administrative code prohibitions against any provider separately surcharging customers for Wisconsin USF contributions, found in §196.218 (3), Stats., and in §PSC 160.15, Wis. Admin. Code:

§196.218 Universal service fund.

(3) CONTRIBUTIONS TO THE FUND.

...
(e) Except as provided in s. 196.196 (2) (d), a telecommunications provider or other person may not establish a surcharge on customers' bills to collect from customers contributions required under this subsection.
...

§PSC 160.15 Identification of charges caused by universal service funding liability.

Telecommunications providers may not establish a surcharge on customer bills for contributing to or recovering any portion

³ Wireless providers can use this safe harbor to estimate the percent of their revenues that are interstate and therefore subject to federal universal service assessment. Alternatively, wireless carriers can develop traffic studies to estimate actual interstate revenues. Carriers that use traffic studies might not experience an increase in their federal funding obligation.

of the providers' payment of universal service fund obligations.

It is inappropriate to impose universal service funding obligations on carriers and then to prohibit carriers from recovering those regulatory costs from their customers through a surcharge. If a universal service program is warranted, the Commission and Legislature should support full disclosure of the subsidy program and its associated costs to customers. Moreover, such billing restrictions as applied to CMRS carriers are prohibited by federal law because they impede upon the rates, terms and conditions of CMRS service. See, 47 U.S.C. §332 (c). In its 2005 Truth-In-Billing Order, the FCC concluded,

“A closer look at the type of state regulations in question reveals that many directly affect CMRS carriers' rates and rate structures in a manner that amounts to rate regulation. State regulations that *prohibit* a CMRS carrier from recovering certain costs through a separate line item, thereby permitting cost recovery only through an undifferentiated charge for service, clearly and directly affect the manner in which the CMRS carrier structures its rates. Parties have submitted several examples of state regulations and proposals in this category, all of which are preempted by the Act.”⁴

Unless and until the Wisconsin statutes and the Commission's rules are changed to remove the prohibition against separate surcharges for in-state USF contributions, the Commission cannot impose a universal service contribution obligation on CMRS providers.

For all of the reasons above, Verizon Wireless respectfully submits that the Commission should not adopt the proposed rules that would enable wireless ETCs to receive state universal service subsidies or that would impose state USF assessments on wireless carriers.

Respectfully submitted,

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⁴ *In the Matter of Truth-in-Billing and Billing Format, National Association of State Utility Consumer Advocates' Petition for Declaratory Ruling Regarding Truth-in-Billing*, FCC CC Docket Nos. 98-170 and 04-208, Second Report and Order, Declaratory Ruling, and Second Further Notice of Proposed Rulemaking, Released March 18, 2005, appeal pending sub nom. *National Association of State Utility Consumer Advocates et al. v. Federal Communications Comm'n*, Case Nos. 05-11682-DD (11th Cir.).



BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Biennial Review of Universal Service Fund Rules

1-AC-198

COMMENTS OF T-MOBILE

T-Mobile Central, LLC d/b/a T-Mobile ("T-Mobile") provides Commercial Mobile Radio Service ("CMRS") in Wisconsin and other states.¹ T-Mobile opposes the inclusion of wireless carriers in the Wisconsin Universal Fund ("WUSF") as both funding recipients and sources based on policy and legal grounds. Assessment of wireless carriers would result in the imposition of unwarranted new costs on T-Mobile's Wisconsin customers.

SUMMARY

The WUSF funds social programs that use landline services and programs that directly subsidize consumer telephone service. Wireless customers have no relationship to the social programs that the WUSF funds. The WUSF programs that directly subsidize consumer service have, to date, supported only landline services. T-Mobile submits that there is no data that shows Wisconsin would receive net benefits by expanding these WUSF consumer subsidy programs to wireless services. Thus, none of the WUSF programs should be expanded to include wireless carriers as sources or recipients of funds.

Wireless carriers' receipts of Federal USF High Cost Funds related to services in Wisconsin have grown from nothing to an estimated twenty-seven million dollars in less

¹ CMRS is defined at 47 U.S.C. § 332(d)(1) and 47 C.F.R. § 20.3. T-Mobile refers to CMRS herein as "wireless services" and providers of CMRS as "wireless carriers".

than a decade. This fact, together with the pending reforms of the Federal USF, and the recent addition of the fees for 911 to wireless services bills in Wisconsin, further support the conclusion that at this time wireless services should not be included in the WUSF as either funding sources or recipients.

In addition, Federal law preempts the Wisconsin statute that prohibits a wireless carrier from surcharging customers for WUSF assessments. Assessing wireless carriers for WUSF funding prior to changing this Wisconsin statute would result in litigation and uncertainty over such funding, and thus is inappropriate at this time.

For these reasons, the Commission should explicitly amend the rules to explicitly exclude wireless services from any assessment and should reject all proposed rules that involve expanding programs to include wireless services.

ANALYSIS

I. Wireless Services and Customers have no Substantial Nexus to the Eight Currently Funded WUSF Social Programs

The majority of the expenditures by the WUSF for fiscal year 2005-06 go to eight programs, which support social goals and are designed to help particular types of institutions or populations. A basic review of them shows that they have no particular nexus or relationship to the use of wireless services. Thus, assessment of wireless carriers (and the resulting payments by customers) to support these social programs is not appropriate.

The largest such program, which comprises over 50% of the WUSF expenditures, is the Educational Telecommunications Access Program. It provides data and video links to support education. Three other funded programs, Badger Link, University of Wisconsin Badger Net Access and Supplemental Aids to Public Library Systems,

similarly support education and libraries. The relatively small Medical Telecommunications Equipment program (one percent of the WUSF expenditures) assists the medical community in purchasing telecommunications equipment. The similarly sized Access Program or Project by Non-Profit Groups provides funding for non-profit groups to facilitate their receipt of telecommunication and information services.

These six social programs comprise 83.1% of the expenditures of the WUSF in its 2005-2006 fiscal year budget. These programs involve the use of significant amounts of landline service, but have no particular relationship to wireless services.

Two other programs -- Telecommunications Equipment Purchase Program and Two Line Voice Carryover -- provide equipment to assist people with disabilities. They comprise 6.2% of WUSF expenditures. They also are landline service focused and lack any substantial relationship to wireless services.

There are no sound policy reasons to require wireless services consumers (such as a family with four cell phones) to support financing any of these eight social programs. Moreover, there is no basis or reason to modify these programs to provide WUSF funding to wireless services either at the expense of, or in addition to, funding for landline services. Thus, with respect to the social programs funded by the WUSF, wireless services carriers and consumers should not be assessed to support them.

II. The Four WUSF Programs That Focus on Consumer Telephone Rates Should Not be Modified to Involve Wireless Services

Three of the four WUSF programs that directly support consumer telephone rates have potential to be modified to include wireless services.² The High Rate Assistance

² The smallest of these programs -- the Public Interest Pay Telephone program -- is designed to support landline payphones and cannot reasonably be modified to support wireless services.

Credit program, the Lifeline program and the Link-Up America program funded by the WUSF all have the potential to be expanded to provide benefits to wireless services – as suggested by the proposed rules. These three programs currently constitute \$2.99 million or approximately 50% of the WUSF programs administered by the PSC. These programs, together with the other WUSF programs administered by the PSC currently have a statutory expenditure cap of \$6 million.

Under the current statutory expenditure cap, the expansion of WUSF recipients to wireless carriers and their customers will result in diversion of funds supporting landline service telephone rates. Pressures could arise to raise the statutory cap thereby expanding the costs of these rate subsidy programs and increasing the size of the WUSF. There is no data to show what net benefits, if any, Wisconsin consumers would receive either by diverting support from landline service or by raising the cap on funding to include support for wireless services without reducing landline services support. Thus, these programs should not be expanded to wireless.

The PSC should also consider the substantial growth of Federal USF High Cost Fund (“HCF”) amounts received by wireless carriers that already supporting wireless services and rates.³ Nationally, wireless carriers’ receipts from the HCF have increased from \$1.5 million in 2000 to a projected \$802 million in 2006 (see chart below).

³ The Federal USF High Cost Fund involves the majority of the Federal USF. The Federal USF is estimated to be \$7.3 billion in 2006, of which 57.5% or \$4.2 billion is the high cost fund. Source: USAC website at <http://www.universalservice.org/about/universal-service/fund-facts/fund-facts.aspx>.

Federal High Cost Fund Support to Wireless Carriers

<u>YEAR</u>	<u>WIRELESS CARRIER RECEIPTS</u>
1999	\$535,104
2000	\$1,493,550
2001	\$16,049,940
2002	\$44,852,541
2003	\$126,695,794
2004	\$323,161,642
2005	\$602,131,825
2006	\$802,389,648 (projected)

Source – Universal Service Administrative Service Company website, at:
<http://www.usac.org/res/documents/about/pdf/fundfacts-High-Cost-Support-Between-CETCs-1998-2006.pdf>

Wisconsin's 2006 share of the wireless carriers' receipts from the HCF can be estimated at \$27 million⁴.

Prior to including wireless services assessments and expenditures of the WUSF for telephone rate subsidies, the PSC should know what benefits, if any, would be realized by adding more funding to the already large amount of HCF funding received by Wisconsin's wireless carriers. As there appears to be no data upon which the PSC can make such a finding at this time, it should refrain from changing WUSF rules to include wireless carriers as recipients of WUSF rate subsidy support.

III. Pending Reforms of the Federal USF Programs Make Major Changes in the WUSF Untimely

The Federal USF is currently under consideration for various reforms both at the FCC and in Congress. Many of the reforms are focused on controlling the growth in the Federal USF over the past few years.

⁴ This estimate results from applying Wisconsin's share of the HCF in 2005 of 3.4% to the projected national amount of wireless carrier receipts from the HCF for 2006. The 2005 percentage was calculated by dividing Wisconsin's 2005 reported HCF receipts by the total 2005 HCF receipts. Data is from the USAC website at: <http://www.usac.org/about/universal-service/fund-facts/fund-facts-high-cost-program-data.aspx>.

The Congressional Budget Office issued a report indicating that the Federal USF has grown over 50% since 2000 and could double again in the next few years⁵. The FCC recently issued an order to expand the Federal USF support base to include VOIP providers, made other changes designed to address the need for revenue, and also requested comment on other changes.⁶ FCC Chairman Martin stated that the reforms in that order are an interim step and that additional orders addressing Federal USF reform will be forthcoming⁷. Recent Congressional consideration of telecom reform bills also address Federal USF reform.

The likelihood of substantial reforms in the Federal program also make any proposal to modify the WUSF to include wireless services premature and inappropriate at this time.

IV. The Recent Addition of 911 Fees to Wireless Services Bills Supports not Adding WUSF Assessments to Wireless Bills at This Time

Pursuant to legislative and PSC action, an \$0.83 per month 911 fee has been added to the bills of Wisconsin wireless services customers starting in December 2005 for a three year period⁸. While T-Mobile takes no issue with that action, the recent addition of these fees to wireless services bills also provides a reason to exercise caution when considering yet additional assessments on such bills. T-Mobile suggests that such additional burdens placed on consumers of wireless services is inappropriate, especially in light of no clear net benefits to wireless service customers, as discussed above.

⁵ *Factors That May Increase Future Spending from the Universal Service Fund*, Congressional Budget Office (June 2006).

⁶ *In the Matter of Universal Service Contribution Methodology*, WC docket 06-122, Report and Order and notice of Proposed Rulemaking (released June 27, 2006).

⁷ *Telecom A.M.*, Warren Communications News (June 22, 2006).

⁸ *Application of Wireless Telecommunications Service Providers and Wisconsin Counties for a Surcharge on Wireless Telecommunications Service to Implement Wireless Enhanced 911 Service in Wisconsin*, Wisconsin Public Service Commission case 05-TR-104, FINAL DECISION (November 25, 2005).

V. Current Wisconsin Statutes Do Not Lawfully Address Applying the WUSF to Wireless Carriers

Wisconsin law provides that telecommunications carriers “may not establish a surcharge on customers' bills to collect from customers [the WUSF assessment].” Wis. Stat. §196.218 3(e). This prohibition against such surcharges conflicts with Federal law which preempts a state from exercising jurisdiction over rates for wireless carriers. 47 U.S.C. § 332(c)(3)(A). In construing this Federal statute, the FCC has found that “state regulations requiring or prohibiting the use of line items — defined here to mean a discrete charge identified separately on an end user’s bill — constitute rate regulation and, as such, are preempted[.]”⁹ Thus, Wisconsin cannot prohibit wireless carriers from implementing surcharges on their customers’ bill to recover any WUSF assessment imposed on wireless services.

As the Commission cannot alter the Wisconsin statute, it is simply not in a position to enact a method of assessing wireless carriers for WUSF funding without creating results that either violate the state statutes it administers or Federal law. Promulgating an assessment of wireless services to support the WUSF in this environment will likely result in litigation and uncertainty over WUSF funding. Thus, until the Legislature alters the statutes to address the conflict with Federal law, it is imprudent to assess wireless carriers for the WUSF.

CONCLUSION

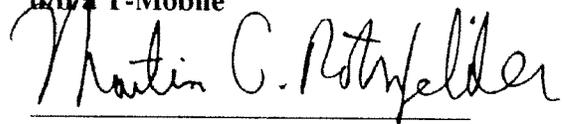
For the foregoing reasons, the PSC should avoid unwarranted cost increases to wireless customers by continuing its policies of not including wireless carriers in

⁹ *In re Truth-in-Billing and Billing Format*, Second Report and Order, Declaratory Ruling, and Second Further Notice of Proposed Rulemaking, FCC Docket No. 98-170, CG Docket No. 04-208, FCC 05-55, Adopted March 10, 2005, Released March 18, 2005, ¶ 30 (2005).

providing or receiving WUSF funds. It should implement this by rejecting proposed rule changes that would expand WUSF programs to cover wireless and amending the rules to eliminate references to WUSF assessments of wireless.

Respectfully submitted,

T-Mobile Central, LLC
d/b/a T-Mobile



Date: July 28, 2006

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**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Biennial Review of Universal Service Fund Rules

Docket No. 1-AC-198

COMMENTS OF TIME WARNER TELECOM OF WISCONSIN, L.P.

I. INTRODUCTION.

In its Notice of Hearing mailed June 2, 2006, the Public Service Commission ("PSC" or "the Commission") requested comments regarding the proposed rule changes relating to the state's universal service fund ("USF" or "the Fund") and about: (1) whether changes should be made concerning Eligible Telecommunications Carrier ("ETC") status; (2) whether assessment of wireless providers should be resumed; and (3) whether changes should be made to sections PSC 160.031 and 160.035 to update the data transmission capability requirement. In general, Time Warner Telecom of Wisconsin, L.P. ("TWTC") supports the proposed rule changes relating to the USF, and TWTC hereby submits comments with respect to whether assessment of wireless providers should be resumed. TWTC does not take a position with respect to the other two issues outlined in the Notice of Hearing.

II. COMMENTS.

TWTC submits that the PSC should stop exempting wireless providers from contributing to the USF for the following reasons: (1) section 254(f) of the Telecommunications Act of 1996 requires wireless carriers to contribute to a state fund; (2) Wis. Stat. § 196.202(2) does not exempt wireless providers from contributing to the Fund; (3) the Commission's prior rationale for exempting wireless providers is no longer present; (4) the USF Council supports assessing wireless providers; (5) wireless providers' arguments offered at the public hearing against

assessment are not persuasive; and (6) public policy supports contributions by wireless providers.

A. Section 254(f) Of The Telecommunications Act Of 1996 Requires Wireless Carriers To Contribute To The USF.

For reasons explained below, the Commission's Order exempting wireless providers from USF assessments is directly contrary to the requirements of the Telecommunications Act of 1996 ("the Act"). It is unclear why this issue has not been raised previously, but it is now time to address it. The plain meaning of the applicable provision, as well as the FCC's, federal and state courts' interpretation of the provision, supports TWTC's position.

Section 254(f) of the Act requires all telecommunications carriers to be assessed if a state decides to develop its own universal service fund:

A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. *Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State.* A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.

47 U.S.C. § 254(f) (*emphasis added*). The definition of "telecommunications carrier" includes wireless providers.¹ Thus, the plain meaning of the statute requires states that have established universal service funds to assess all carriers, including wireless.

Not surprisingly, the FCC has consistently interpreted section 254(f) to mean that wireless providers should not be exempt from state USF assessments.² For example, in *In the*

¹ 47 U.S.C. § 153(44).

² See e.g., *In the Matter of Pittencrieff Communications, Inc.*, 13 F.C.C.R. 1735, ¶ 26 (October 2, 1997), affirmed by *Cellular Telecommunications Industry Assoc. v. FCC*, 168 F.3d 1332 (D.C. Cir. 1999) ("section 254(f) specifically

Matter of Pittencrieff Communications, Inc., the state of Texas drafted legislation requiring wireless providers to contribute to the state USF. One of the state's wireless providers filed a petition for declaratory ruling asking the FCC to declare that another section of the Act, section 332(c)(3), preempted the Texas legislation.³ In no uncertain terms, the FCC declared:

Congress specifically gave states the authority to require CMRS providers to contribute to state universal service support mechanisms in section 254(f) of the Communications Act. According to that section, “[e]very telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that state.” The definition of “telecommunications carrier” includes CMRS providers. *We conclude that an interpretation of section 332(c)(3) that excludes CMRS providers from making contributions to state universal service mechanisms would contradict the direct language of section 254(f) that “every telecommunications carrier” contribute.*⁴

The FCC reaffirmed its *Pittencrieff* holding in the *Fourth Reconsideration Order* issued the next year.⁵

The federal courts have followed the FCC's interpretation. For example, in the federal district court of Kansas, a wireless provider sought an injunction against the Kansas Corporation Commission prohibiting the commission from requiring wireless providers to contribute to the state USF.⁶ Like in *Pittencrieff*, the wireless provider argued that 47 U.S.C. § 332(c)(3)(A) preempts the assessment. Examining both sections 332(c)(3)(A) and 254(f) of the Act, the court held that the assessment was permissible.⁷ The Tenth Circuit Court of Appeals upheld the district court's decision noting, “According to the mandatory language of § 254(f) . . . the

requires universal service contributions from all intrastate telecommunications carriers, which would include CMRS providers.”)

³ *Id.*

⁴ 13 F.C.C.R. 1735, 1737 (*emphasis added*).

⁵ See e.g., *Fourth Reconsideration Order*, 13 F.C.C.R. 5318, ¶ 301, upheld by *Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393 (5th Cir. 1999) (“We find that our order in *Pittencrieff* resolves the issues that have been raised by the reconsideration petitions in this proceeding and we find no basis in this record for reaching a different determination.”).

⁶ See *Mountain Solutions, Inc. v. State Corp. Comm'n of the State of Kansas*, 966 F. Supp. 1043 (D. Kan. 1997).

⁷ See *id.* at 1048.

[Kansas Corporation] Commission would apparently be in violation of federal law if it established a universal service fund but did not require contributions from wireless service providers.⁸

State courts that have addressed the issue have also sided with the FCC.⁹ For example, the Indiana Court of Appeals recently found that the Indiana Utility Regulatory Commission had the authority to assess wireless providers noting that if a state commission establishes its own Fund, section 254(f) requires that Fund to comply with the FCC's rules, including the rule requiring every carrier to contribute.¹⁰

By exempting wireless providers from contributing to the state's USF, the Commission has taken action that is inconsistent with the section 254(f) mandate that all telecommunications carriers contribute to the preservation and advancement of universal service. In order to meet section 254(f)'s requirements, the Commission should lift the exemption and require wireless providers to contribute.

B. Wis. Stat. § 196.202(2) Does Not Exempt Wireless Providers From Contributing To The Fund.

Some wireless providers may argue that the Commission should not lift the exemption because Wisconsin statute section 196.202(2) prohibits the Commission from requiring wireless providers to contribute to the Fund. However, that is not what the statute provides. The statute states:

A commercial mobile radio service provider is not subject to ch. 201 or this chapter, except as provided in sub. (5), and except that a commercial mobile radio service provider is subject to s. 196.218 (3) if the commission promulgates rules that designate commercial mobile radio service providers as eligible to receive universal service funding under both the federal and state universal service fund programs. If the commission promulgates such rules, a commercial mobile radio

⁸ *Sprint Spectrum, L.P. v. State Corp. Comm'n of the State of Kansas*, 149 F.3d 1058, 1062 (10th Cir. 1998).

⁹ See *Bell Atlantic Mobile, Inc. v. Dept. of Pub. Utility Control*, 754 A.2d 128 (Conn. 2000).

¹⁰ *Nextel West Corp. v. Indiana Utility Regulatory Comm'n*, 831 N.E.2d 134, 141 n. 6 (Ct. App. Ind. 2005).

service provider shall respond, subject to the protection of the commercial mobile radio service provider's competitive information, to all reasonable requests for information about its operations in this state from the commission necessary to administer the universal service fund.

Wis. Stat. § 196.202(2). This subsection does not provide a blanket exemption for wireless providers. Instead, it states that if the Commission promulgates rules that designate wireless carriers as carriers that are eligible to receive USF funds, then wireless providers must contribute to the state's Fund pursuant to section 196.218(3). Both the Commission's current USF rules and the proposed rules allow wireless providers to receive USF funding¹¹; therefore, wireless providers should be required to comply with Wis. Stat. § 196.218(3).

C. The Commission's Prior Reasons For Exempting Wireless Providers Are No Longer Valid.

The Commission issued its first order exempting wireless providers from contributing to the Fund in November 2000.¹² The Commission offered these reasons for the exemption:

CMRS is an emerging telecommunications market. While this market is growing, CMRS is still generally viewed as an adjunct to wireline service. Adjunct services are especially vulnerable to basic rate increases and service limitations. Users are more likely to abandon or limit use of an adjunct service if basic rates increase or services are reduced or limited, than they are to abandon primary wireline service under the same circumstances. Since providers may not recover their universal service fund assessment through a surcharge, in order to recover that amount they must either increase basic rates or absorb the expense of the assessment. Wis. Stat. § 196.218(3)(e); Wis. Admin. Code § PSC 160.15. Since adjunct services are especially sensitive to rate increases and service limitations, such increases or slower deployment of coverage areas because of reduced net revenues could decrease consumer use of CMRS. This negatively affects the development of competition, consumer choice, and infrastructure development.¹³

¹¹ See e.g., current Wis. Admin. Code §§ PSC 160.02(7), 160.09(5) (allows wireless carriers that are designated as eligible telecommunications carriers to receive reimbursement for providing high rate assistance credits). See also proposed Wis. Admin. Code §§ PSC 160.035(2) (allows wireless carriers to receive USF support for the provision of advanced services). For more examples of the proposed rules making wireless providers eligible for USF funds, see *infra* pp. 9-10.

¹² *Administration of the Universal Service Fund*, Order, Docket No. 05-GF-104 (November 8, 2000), hereinafter "November 8, 2000 Order."

¹³ November 8, 2000 Order.

Shortly before the exemption was set to expire in January 2002, the Commission issued another order suspending the assessment of wireless providers indefinitely and reaffirming the reasoning in its prior Order.¹⁴

Times have changed since the Commission issued its orders excusing wireless providers from contributing to the Fund, and the rationale underlying the orders is no longer valid. First, pursuant to advances in the wireless industry leading to the Commission's recent determination regarding the substitutability of wireline and wireless service in docket number 6720-TI-196, wireless service can no longer be described as a mere adjunct to wireline service. Second, wireless carriers' ability to impose a surcharge for state USF assessments alleviates the Commission's concerns regarding the recovery of the assessment, and third, wireless carriers have been paying into the federal USF for years with no apparent detrimental effects.

Significant advances have been made in the wireless industry in the nearly five years since the Commission last examined whether wireless providers should be required to contribute to the state USF. Nationally, from December 2000 to December 2004, the number of wireless subscribers grew from approximately 101 million to 181 million, and wireless providers' revenues grew from approximately \$70 billion to approximately \$122 billion.¹⁵ By the end of 2004, the number of wireless subscribers had surpassed the number of switched access lines in service,¹⁶ and the gap between the number of wireless subscribers and the number of switched

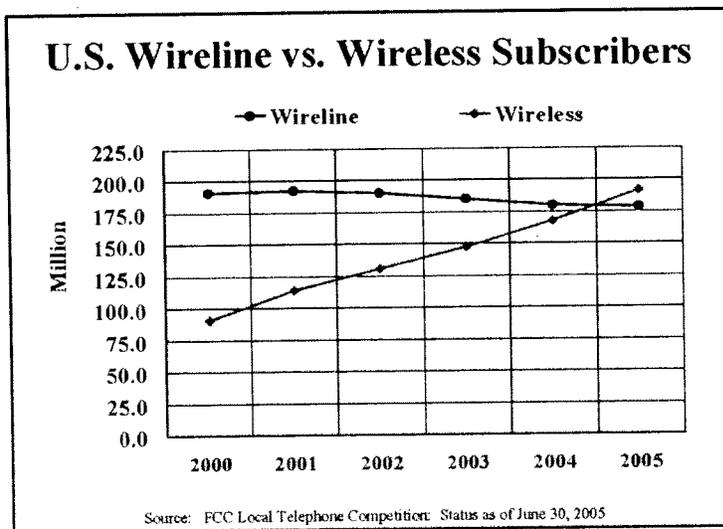
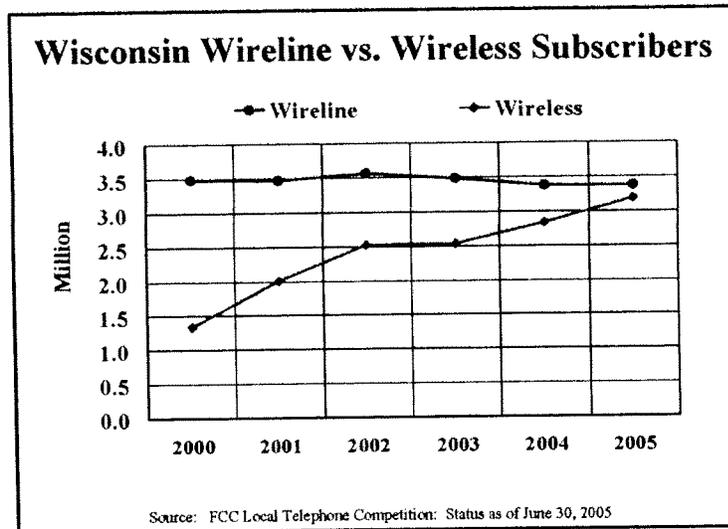
¹⁴ *Administration of the Universal Service Fund*, Order, Docket No. 05-GF-104 (December 20, 2001), hereinafter "December 20, 2001 Order."

¹⁵ *In the Matter of Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, FCC 06-94, p. 3 (June 27, 2006), *internal citations omitted*.

¹⁶ As of December 31, 2004, there were 181.1 million wireless subscribers compared with 178 million end-user switched access lines in service. *Local Telephone Competition: Status as of December 31, 2004*, Tables 1 and 13, available at http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/LA/lecom0705.pdf.

access lines in service has widened as the number of new wireless subscribers continues to grow and the number of wire lines in service continues to shrink.¹⁷

The charts below compare the number of wireless subscribers both in Wisconsin and nationally with the number of switched access lines in service.



¹⁷ As of June 30, 2005, there were 191.3 million wireless subscribers compared with 178.2 million end-user switched access lines in service. *FCC Report on Local Telephone Competition: Status as of June 30, 2005*, Tables 1 and 14, available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-264742A1.pdf. The number of wireline switched access lines declined from approximately 192 million in December 2000 to 177 million in December 2004. *In the Matter of Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, FCC 06-94, p. 11 (June 27, 2006).

Given this growth, the Commission recently determined that wireless service is a substitute for basic local exchange service.¹⁸ This was a key finding in the Commission's decision to deregulate the price of AT&T's basic local exchange service in certain areas. The Commission's determination that wireless is a substitute for basic local exchange service indicates that wireless service can no longer be considered an adjunct to wireline service.

Second, the Commission's expressed concerns that wireless carriers could not impose a surcharge on customer's bills for state USF assessments is no longer true. In 2005, the FCC specifically preempted states from prohibiting the use of surcharges on wireless customer bills.¹⁹ Nearly immediately thereafter, the Wisconsin legislature began permitting all telecommunications companies to impose a USF surcharge on customer bills.²⁰

Finally, it should be noted that the FCC has been requiring wireless providers to contribute to the federal USF for years with no apparent detrimental effect to the wireless industry and with no indication that such assessments have created a mass exodus of wireless subscribers. As we have seen, the wireless industry has experienced incredible growth. For these reasons, the Commission should recognize that its prior rationale exempting wireless carriers is no longer valid.

¹⁸ *Petition of SBC Wisconsin for Suspension of Wisconsin Statute sec. 196.196(1) with Regard to Basic Local Exchange Service*, Final Decision at 5, Docket No. 6720-TI-196 (November 25, 2005).

¹⁹ *In the Matter of Truth-in-Billing and Billing Format, National Association of State Utility Consumer Advocates' Petition for Declaratory Ruling Regarding Truth-in-Billing*, Second Report And Order, Declaratory Ruling, And Second Further Notice Of Proposed Rulemaking, CC Docket No. 98-170 and CG Docket No. 04-208, FCC 05-55 ¶ 32 (March 10, 2005). In making this determination, the FCC specifically clarified that nothing in its order disturbed the states' ability to require wireless carriers to contribute to state universal support mechanisms. *Id.* The FCC's *Truth-in Billing* order has been appealed. *National Association of State Utility Consumer Advocates v. FCC*, No. 05-11682-DD (11th Cir.).

²⁰ See Wis. Stat. § 196.218(3)(f). Admittedly, the new statute does not fully address the concerns of wireless carriers. See *infra*, pp. 11-12.

D. The Universal Service Fund Council Supports Wireless Paying USF Assessments.

The Universal Service Fund Council ("the Council") has also weighed in on this issue. Consistent with its charge to advise the Commission with respect to the administration of the USF and its rules,²¹ the Council at its May 25, 2006 meeting endorsed various changes to the USF program, including a call for USF assessments to be levied on wireless carriers. (See Appendix A for a copy of the resolution it adopted.) All members of the Council voted for the resolution with the exception of a representative of Verizon.

The Council's membership includes both consumer advocates and representatives from the state's telecom industry. That such a diverse group could achieve near-unanimity should signal to the Commission that the time is right to reverse its decision to exempt wireless carriers from USF assessments.

E. The Reasons Offered By Wireless Carriers At Hearing In Justification Of Their Continued Exemption From USF Assessments Are Not Persuasive.

At the public hearing on July 14, 2006, representatives of Midwest Wireless, Inc., Sprint-Nextel, Verizon Wireless and US Cellular voiced concerns about the possible imposition of USF assessments on their companies.²² TWTC addresses these below.

1. Wireless Companies' Reasons For Special Treatment Do Not Withstand Scrutiny.

At hearing, wireless carriers complained that: (1) restrictive ETC criteria would preclude them from becoming state ETCs; (2) the state's USF program essentially was geared towards providing USF funds to wireline companies; (3) wireless companies are already paying exorbitant intrastate access fees as a form of funding universal service; and (4) wireless

²¹ Wis. Stat. § 196.218(6).

²² Regrettably, a transcript of the July 14, 2006 hearing is not yet available at the time that these comments are being written.

customers already pay federal USF surcharges and E911 surcharges, and adding a state USF surcharge would therefore be inappropriate. In effect, the carriers argued for special treatment due to their unique circumstances. Their reasons are not persuasive.

Wireless carriers testified that the proposed ETC criteria in the draft rule are too onerous and would, as a practical matter, exclude wireless carriers from seeking ETC status for state USF purposes. This is an insufficient reason to continue wireless' exemption from USF assessments. Many providers such as TWTC do not, and will not, receive ETC assistance but still pay USF assessments. Besides, USF assessments are largely a tax to fund non-PSC USF programs such as TEACH and Badgerlink.²³ Only the wireline carriers providing services under these programs directly benefit from USF monies, but all wireline carriers pay USF assessments. There is no inequity if assessments are also made on wireless carriers—the only inequity is if the exemption for wireless carriers continues.

As to the concern that the USF program is wireline-dominated in its focus, TWTC could just as easily say that the USF program is ILEC-dominated in its focus and that CLECs should not pay into the fund either. The wireless carriers' contention is not persuasive.

Finally, the wireless carriers' frustration with purportedly high intrastate access fees is misplaced. Undoubtedly, wireline companies are paying the same intrastate access fees to carriers for the termination of long distance calls, yet these carriers must also pay state USF assessments while wireless companies do not.

²³ ETC funding is only a small portion of the total USF budget. The total USF appropriations from 2005 Act 25 were \$30,539,000 for 2005-06 and \$30,577,000 for 2006-07. Of the \$30,539,000 appropriated for 2005-06, less than 20%, only \$6,000,000 was allotted to the PSC for Universal Telecommunications Service, and only a fraction of that is for ETC funding. See 2005 Wis. Act. 25, sec. 140. Besides, even if wireless carriers are unwilling to meet the ETC criteria, they will still be eligible to receive USF monies even if they are not ETCs. See *e.g.*, *infra*, p. 14.

2. The Commission Can Readily Take Steps To Address The Constitutional Concerns Of The Wireless Carriers In Conjunction With USF Assessments.

At hearing, the wireless carriers asserted that it would be unconstitutional for the state to impose USF assessments on them without also permitting a surcharge on customer bills to collect the full amount of the state USF assessment.

As noted above, the FCC has declared that states cannot prohibit or mandate wireless carriers to collect state USF assessments through the use of surcharges.²⁴ To address this concern, the Commission should take the following actions when it issues an order to begin assessments on wireless carriers. First, it should amend proposed § PSC 160.15 of the draft rule so that it does not apply to wireless carriers. Second, as part of its biennial budget request, the Commission should seek to amend s. 196.218(3)(e) and (f) to permit wireless carriers and all other telecommunications providers to impose surcharges on their customer bills to collect the full amount of the USF assessments. Presently, those statutes permit providers to use a surcharge mechanism for USF assessments only if they have raised their rates to collect the assessment, and the surcharge can be used only to collect for USF assessments related to non-PSC administered USF programs.²⁵ Finally, because wireless carriers will likely argue that they have the right to unconditionally use surcharges to recover the full amount of USF assessments, the Commission should declare that it will not enforce Wis. Stat. § 196.218(3)(e) and (f) against wireless carriers to the extent that those statutes in their current form are contrary to federal law. Such a determination will take the wind out of the sails of any potential legal challenge that wireless carriers might bring.²⁶

²⁴ See *supra*, p. 8.

²⁵ See Wis. Stat. § 196.218(3)(e) and (f).

²⁶ A person is foreclosed from challenging the constitutionality of a statute when the enforcing agency has declared it will not enforce the challenged law. See e.g., *Wisconsin Right to Life, Inc. v. Schober*, 366 F.3d 485, 492 (7th Cir.

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²⁶ A person is foreclosed from challenging the constitutionality of a statute when the enforcing agency has declared it will not enforce the challenged law. See e.g., *Wisconsin Right to Life, Inc. v. Schober*, 366 F.3d 485, 492 (7th Cir.

The Commission need not wait, and should not wait, to address its previous and continuing violation of federal law with its exemption of wireless carriers from USF assessments. If the Commission takes the practical steps that TWTC suggests, it can move to end one legal violation without creating another.

3. Other Concerns Expressed By Wireless Carriers Are Not Persuasive.

Other reasons offered by wireless carriers at the hearing for maintaining their USF exemption can be readily addressed. First, it was suggested that the continued exemption of VoIP providers from state USF assessments is unfair. TWTC agrees, but until the FCC provides greater clarity in the scope of its jurisdiction over VoIP,²⁷ it is understandable that this Commission did not propose rule revisions to assess VoIP services at this time.

Second, perhaps as an illustration that the state's USF programs were essentially wireline in nature, the wireless carriers suggested that state USF expenditures on wireless devices such as Blackberries should be considered. In response, TWTC suggests that, in its order ending its exemption of wireless carriers from USF assessments, the Commission could also expand the membership of the USF Council to include a wireless representative. The Commission could also recommend that the Council invite comments from the wireless industry concerning wireless devices that should be funded with USF monies.

Finally, wireless carrier representatives suggested that the occasion of wireless carriers paying into the fund should not be seen as granting an opportunity to expand USF programs still

2004) (constitutional claim regarding statute dismissed as moot when the state agency charged with enforcing the statute acknowledged that it will not enforce the statute).

²⁷ The FCC recently ordered that "interconnected VoIP service providers" must contribute to the federal USF. The Order, however, does not clarify whether state commissions may also impose assessments for state USFs. (*In The Matter of Universal Service Contribution Methodology Federal-State Joint Board on Universal Service 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated With Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms Telecommunications Services for Individuals With Hearing and Speech Disabilities, and the Americans*, 2006 WL 1765838, F.C.C., Jun 27, 2006 (No. WC06-122, CC96-45, CC98-171, CC90-571, CC92-237, L-00-72, CC99-200, CC95-116, CC98-170).) See, e.g., ¶ 56 of the Order.

further. Instead, state policymakers should closely scrutinize USF programs to ensure they remain appropriate and effective. TWTC agrees. No program should be immune from periodic review. To this end, TWTC is working with state lawmakers to encourage them to periodically review through legislative audits whether certain USF programs need to be continued. TWTC invites wireless carriers to join in this effort.

F. Public Policy Supports Contributions by Wireless Providers.

Currently, state USF contributors include incumbent local exchange carriers, competitive local exchange carriers, and cable companies who have filed for certification to operate as telecommunications providers. Wireless providers do not pay state USF assessments in Wisconsin. There are several public policy reasons why the Commission should modify this inequity and require wireless providers to contribute. First, wireless providers should be assessed because they benefit from both the principles of universal service and from the Fund itself. Second, the Commission should pursue the principle of competitive neutrality. Finally, wireless providers should be included in order to broaden the funding base for the Fund.

1. Wireless Providers Benefit from Both Universal Service and the Universal Service Fund.

As the FCC recently explained, all providers of telecommunications services benefit from universal service because much of the consumer appeal for this service derives from the ability to place and receive calls from the public switched telephone network which is supported by universal service mechanisms.²⁸ Wireless providers, like others, are dependent on this widespread telecommunications network for the maintenance and expansion of their business and they directly benefit from a larger network that serves all members of the public.²⁹ Like

²⁸ See *In the Matter of Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, FCC 06-94, p. 23, ¶ 43 (June 27, 2006).

²⁹ *Id.*, citing *Texas Office of Pub. Util. Counsel v. FCC*, 183 F.3d, 393, 428 (5th Cir. 1999).

other providers, wireless providers should be obligated to pay for the benefits that they enjoy through assessments that fund programs that extend or protect universal service.

In Wisconsin, wireless providers can also directly benefit from the state's USF by receiving universal service funds. Both current PSC ch. 160 and the proposed rule changes allow wireless providers to receive USF support in certain circumstances. For instance, current Wis. Admin. Code §§ PSC 160.09 allows wireless providers designated as ETCs to be reimbursed for high rate assistance credits. Moreover, proposed Wis. Admin. Code § PSC 160.035(2) allows wireless carriers to meet obligations to provide advanced services with assistance from the USF, and proposed section 160.062(4) provides that wireless carriers designated as ETCs are allowed USF reimbursement for lifeline rates. Under the proposed rules, a wireless provider may receive support even if it is not an ETC. For instance, proposed Wis. Admin. Code § PSC 160.071(4)(b) permits wireless carriers to receive USF reimbursement for special needs customers to receive discounted wireless service and no ETC status is required. On its face, it is inequitable for wireless providers to benefit from a fund they do not contribute to when other similarly situated providers are required to support it.

2. Exempting Wireless Providers from Contributing to the Fund Distorts the Principle of Competitive Neutrality.

Promoting and preserving competition is an important policy goal in Wisconsin.³⁰ As Wisconsin statute § 133.01 states:

It is the intent of the legislature to make competition the fundamental economic policy of this state and, to that end, state regulatory agencies shall regard the public interest as requiring the preservation and promotion of the maximum level of competition in any regulated industry consistent with the other public interest goals established by the legislature.³¹

³⁰ See e.g., Wis. Stat. §§ 196.03(6) and 196.195(12)(b).

³¹ Wis. Stat. § 133.01.

Exempting wireless providers from contributing to the USF frustrates that goal because it creates inequity in the pricing of services, and such disparities can skew consumer choices. The FCC recently considered this issue when deciding whether to require interconnected VoIP providers to contribute to the federal USF:

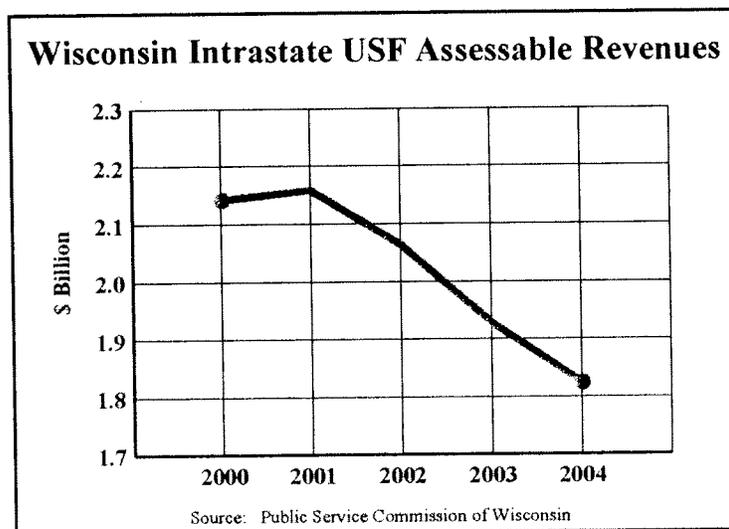
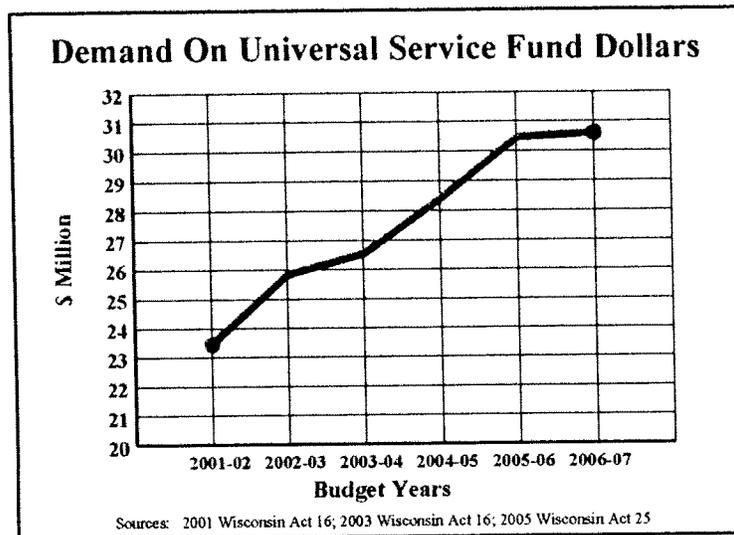
Competitive neutrality means that “universal service support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another, and neither unfairly favor nor disfavor one technology over another.” As the Commission has noted, interconnected VoIP service “is increasingly used to replace analog voice service.” As the interconnected VoIP service industry continues to grow, and to attract subscribers who previously relied on traditional telephone service, it becomes increasingly inappropriate to exclude interconnected VoIP service providers from universal service contribution obligations.³²

Like the FCC found with respect to interconnected VoIP services, in order to achieve parity for all providers and in order to further competition in Wisconsin, the Commission should require wireless providers to contribute to the Fund.

3. Including Wireless Providers Will Broaden the Base of the Fund Thereby Lessening the Assessment on Existing Providers.

Over the years the demand for universal service fund dollars has been growing while the intrastate revenues of currently contributing providers continues to shrink as demonstrated by the charts below:

³² *In the Matter of Universal Service Contribution Methodology*, Report and Order and Notice of Proposed Rulemaking, FCC 06-94, p. 24, ¶ 44 (June 27, 2006), *internal citations omitted*.



If this trend continues, assessments will continue to rise on a declining set of revenues with the effect of increasing the competitive disparity between providers who pay USF assessments and those who do not.

Moreover, it is axiomatic that, in any given year when a fixed sum is needed to meet the appropriate levels established for USF programs by the legislature, and additional entities contribute to that sum, the level of contribution required from everyone goes down. Therefore,

requiring wireless providers to contribute to the Fund, thereby broadening the Fund's base, will lessen the assessment levels for all providers and reduce the impact on all customers.

III. CONCLUSION.

The Commission should lift the exemption for wireless providers because: (1) the exemption is inconsistent with section 254(f)'s requirement that all carriers contribute to a state USF; (2) Wis. Stat. § 196.202(2) does not exempt wireless providers from contributing to the Fund; (3) the Commission's prior rationale for exempting wireless providers no longer exists; (4) the USF Councils supports assessment; (5) wireless carriers' arguments against assessment are not persuasive; and (6) public policy supports parity among providers in Wisconsin.

Dated this 28th day of July, 2006.

Respectfully submitted,

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APPENDIX A

RESOLUTION ENDORSING REFORM TO STATE USF PROGRAM

Whereas, the Universal Service Fund ("USF") Council is aware of increasing demand for the services provided by the USF programs administered by the Public Service Commission ("PSC"); and

Whereas, the Federal Communications Commission is examining whether to adopt an alternative funding mechanism for the federal USF in place of its current system of assessing interstate revenues, and the PSC should be ready to consider adopting or adapting for the state USF any new method the FCC may adopt; and

Whereas, the USF Council seeks to ensure that the funding mechanism for state USF assessments does not give any telecommunications provider a competitive advantage over other telecommunications providers; and

Whereas, the PSC in 2000 exempted wireless carriers from USF assessments on the grounds that wireless services were seen merely as "an adjunct to wire line services," a finding that is no longer true in light of national statistics that there are more wireless subscribers than switched access lines in service; and

Whereas, wireless companies already pay into the federal USF fund; and

Whereas, the USF Council acknowledges that it offers this resolution as a package in order to achieve compromise on issues of importance to consumer advocates and the telecommunications industry, therefore this resolution is offered to policy makers to adopt in full.

Now, therefore, be it:

1. Resolved that the USF Council supports repealing the appropriations cap under Wis. Stat. § 196.218(3)(a)3.a. for USF programs administered by the PSC.
2. Resolved that in light of the changes that may occur in the funding mechanisms to the federal USF program, the USF Council supports amending Wis. Stat. § 196.218 to grant the PSC greater flexibility in adopting alternative USF funding mechanisms rather than relying on assessments based on intrastate revenues.
3. Resolved that the USF Council supports the PSC assessing wireless telecommunications providers for state USF contributions.
4. Resolved that the USF Council supports repeal of Wis. Stat. § 196.218(3)(e) and (f) to permit telecommunications providers to impose a surcharge on their customers to collect USF assessments.



Local Telephone Competition: Status as of December 31, 2005

Industry Analysis and Technology Division
Wireline Competition Bureau
July 2006



This report is available for reference in the FCC's Reference Information Center, Courtyard Level, 445 12th Street, SW, Washington, DC. Copies may be purchased by contacting Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone (800) 378-3160, or via their website at www.bcpweb.com. The report can also be downloaded from the Wireline Competition Bureau Statistical Reports Internet site at www.fcc.gov/wcb/stats.

Local Telephone Competition: Status as of December 31, 2005

We present here summary statistics of the latest data on local telephone service competition in the United States as reported in the Commission's local competition and broadband data gathering program (FCC Form 477).¹ The summary statistics provide a snapshot of local telephone service competition based on switched access lines in service and state-specific mobile telephony service subscribers as of December 31, 2005.²

Twice a year, all incumbent local exchange carriers (incumbent LECs) and competitive local exchange carriers (CLECs) are required to report to the Commission basic information about their local telephone service, and all facilities-based mobile telephony providers are required to provide information about their subscribers. Prior to June 2005, the FCC collected data from carriers with at least 10,000 switched access lines, or mobile telephony subscribers, in service in a particular state. Small carriers, many of whom serve rural areas with relatively small populations, were therefore underrepresented in the earlier data.³ By including these carriers, the number of incumbent LEC and CLEC holding companies and unaffiliated carriers reporting local telephone service information as of December 31, 2005 tripled, and the number of reporting facilities-based mobile telephony providers doubled.⁴

Based on the latest information now available, we summarize the following observations:

¹ *Local Competition and Broadband Reporting*, CC Docket No. 99-301, Report and Order, 15 FCC Rcd 7717 (2000); *Local Telephone Competition and Broadband Reporting*, WC Docket No. 04-141, Report and Order, 19 FCC Rcd 22340 (2004). During this data gathering program, qualifying providers file FCC Form 477 each year on March 1 (reporting data for the preceding December 31) and September 1 (reporting data for June 30 of the same year). An updated FCC Form 477, and instructions for that particular form, for each specific round of the data collection may be downloaded from the FCC Forms website at www.fcc.gov/formpage.html.

² Statistical summaries of the earlier Form 477 data collections appeared in previous releases of the *Local Telephone Competition* report, available at www.fcc.gov/wcb/iatd/comp.html.

³ As of December 31, 2005, filers with fewer than 10,000 switched access lines in a state (including entities that previously filed on a voluntary basis) reported about 4.5 million lines (about 2.0 million incumbent LEC lines and about 2.5 million CLEC lines). By contrast, the data filed for December 2004 included about 0.6 million lines filed on a voluntary basis (about 0.2 million incumbent LEC lines and about 0.4 million CLEC lines). Mobile telephony service providers with fewer than 10,000 subscribers in a state reported about 364,000 subscribers as of December 31, 2005. Such filers reported (on a voluntary basis) about 69,000 subscribers a year earlier.

⁴ The nationwide number of CLEC holding companies and unaffiliated entities reporting local telephone service information increased from 149 to 374, and the number of incumbent LEC entities increased from 190 to 807. See Tables 3 and 4. The number of entities reporting mobile telephony subscribers increased from 76 to 155. See Table 14.

- End-user customers obtained local telephone service by utilizing approximately 143.8 million incumbent LEC switched access lines, 31.6 million CLEC switched access lines, and 203.7 million mobile telephony service subscriptions at the end of 2005.⁵ See Tables 1 and 14.
- CLECs reported 31.6 million (or 18.0%) of the approximately 175.4 million nationwide end-user switched access lines in service at the end of 2005, compared to 33.9 million (or 19.1%) of the 177.6 million lines reported six months earlier. See Table 1.
- About 44% of switched access lines in service to CLEC end users served residential customers at the end of 2005, whereas about 66% of switched access lines in service to incumbent LEC end users served residential customers. See Table 2.
- CLECs reported providing 32% of their end-user switched access lines over their own local loop facilities, 47% by using unbundled network elements (UNEs) they leased from other carriers, and 21% through resale arrangements with unaffiliated carriers.⁶ See Table 3.
- Incumbent LECs reported providing about 26% fewer UNE loops with switching (referred to as the UNE-Platform) to unaffiliated carriers at the end of 2005 than they reported six months earlier (10.8 million compared to 14.6 million) and about 4% more UNE loops without switching (4.5 million compared to 4.3 million). See Table 4.
- About 5.1 million end-user switched access lines were provided by CLECs over coaxial cable connections. These lines represent about 50% of the 10.1 million end-user switched access lines that CLECs reported providing over their own local loop facilities, about 16% of all end-user switched access lines that CLECs reported, about 36% of CLEC lines to residential end users, about 3% of total end-user switched access lines, and about 5% of total residential switched access lines. See Tables 2, 3, and 5.

⁵ SBC Communications, Inc. (SBC) and AT&T Corp. merged, in November 2005, to form AT&T Inc. Therefore, AT&T Inc. submitted Form 477 data as of December 31, 2005. Verizon Communications Inc. and MCI, Inc., which merged in January 2006, made separate filings of the December 2005 data. Form 477 filers report end-user switched access lines provided over the filer's "own facilities" when the filer (including affiliates) owns the "local loop" to the end user's premises. Therefore, any end-user switched access lines that AT&T Corp. previously reported as CLEC lines, and which AT&T Corp. provisioned over unbundled network elements (UNEs) acquired from the incumbent LEC operations of SBC or by reselling SBC's incumbent LEC services, are now reported as lines that AT&T Inc. provides over its own facilities. In this report, we treat these lines as incumbent LEC lines. Also, because such UNEs and resold services are now provided by one AT&T Inc. operation to another AT&T Inc. operation, they are no longer reported on Form 477 as UNEs or services that an incumbent LEC provides to an unaffiliated CLEC. AT&T Inc. has incumbent LEC operations in 13 states: Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin.

⁶ CLEC "resale" lines should include lines that the CLEC provides by using special access lines or other facilities that it obtains from unaffiliated ILECs or CLECs as tariffed services or under commercial agreements.

- Incumbent LECs were the presubscribed interstate long distance carrier for 51% of the switched access lines they provided to end users, while CLECs were the interstate long distance carrier for 79% of their switched access lines. See Table 6.
- The Commission's data collection program collates information about CLEC local telephone service lines (and the CLEC share of total local telephone service lines) in individual states. Relatively large numbers of CLEC lines are associated with the more populous states.⁷ With respect to the calculated CLEC share of switched access lines in service, however, some less populous states, such as Nebraska, New Hampshire, Rhode Island, South Dakota, and Utah had larger CLEC shares than some more populous states, such as California, Florida, Ohio, and Texas. See Tables 7 - 10.⁸
- Among the 50 states, there were fewer than 10 reporting CLECs only in Alaska and Hawaii. See Table 13.
- Mobile telephony service providers reported 203.7 million subscribers at the end of 2005, which is 22.6 million, or 12%, more than a year earlier. About 6% of these subscribers were billed by mobile telephony service resellers.⁹ See Table 14.
- At least one CLEC was serving customers in 82% of the nation's Zip Codes at the end of 2005. About 98% of United States households resided in those Zip Codes. Moreover, multiple carriers reported providing local telephone service in the major population centers of the country. See Table 15 - 17, and the map that follows Table 19.

As other information from FCC Form 477 becomes available, it will be routinely posted on the Commission's Internet site. We invite users of the information presented in this statistical summary to provide suggestions for improved data collection and analysis by:

- Using the attached customer response form,
- E-mailing comments to James.Eisner@fcc.gov,
- Calling the Industry Analysis and Technology Division of the Wireline Competition Bureau at (202) 418-0940, or
- Participating in any formal proceedings undertaken by the Commission to solicit comments for improvement of FCC Form 477.

⁷ The largest numbers of CLEC lines are reported for New York (3.6 million lines) and California (3.0 million lines), the third and first most populous states, respectively.

⁸ CLEC shares appearing in Table 8 are based on CLEC and ILEC lines in Tables 9 and 10.

⁹ The mobile "resale" percentage should not include any subscribers that the facilities-based provider serves on a pre-paid basis. For reporting purposes, a "facilities-based" mobile telephony service provider serves subscribers using spectrum licenses that it has obtained or manages.

Table 1
End-User Switched Access Lines Reported

Date	ILEC Lines	CLEC Lines	Total	CLEC Share
Dec 1999	181,202,853	8,194,243	189,397,096	4.3 %
Jun 2000	179,648,725	11,557,381	191,206,106	6.0
Dec 2000	177,561,022	14,871,409	192,432,431	7.7
Jun 2001	174,752,275	17,274,727	192,027,002	9.0
Dec 2001	171,917,359	19,653,441	191,570,800	10.3
Jun 2002	167,330,006	21,644,928	188,974,934	11.5
Dec 2002	164,386,452	24,863,691	189,250,143	13.1
Jun 2003	158,274,538	26,985,345	185,259,883	14.6
Dec 2003	153,157,843	29,775,438	182,933,281	16.3
Jun 2004	147,993,218	32,033,915	180,027,133	17.8
Dec 2004	144,809,899	32,880,812	177,690,711	18.5
Jun 2005	143,757,708	33,891,002	177,648,710	19.1
Dec 2005	143,766,498	31,583,879	175,350,377	18.0

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised.

Chart 1
End-User Switched Access Lines Reported
(Lines in Millions)

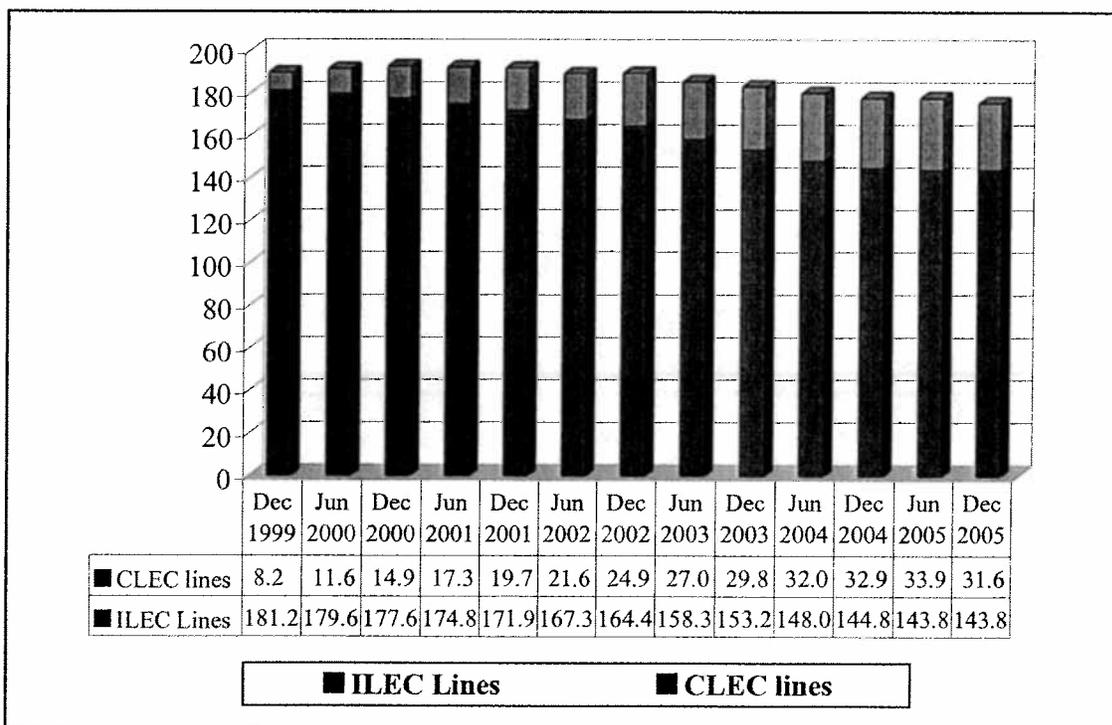


Table 2
End-User Switched Access Lines by Customer Type

Date	Reporting ILECs			Reporting CLECs		
	Residential ¹	Business ²	% Residential	Residential ¹	Business ²	% Residential
Dec 1999	139,694,481	41,508,372	77.1 %	3,368,702	4,825,541	41.1 %
Jun 2000	140,566,144	39,082,581	78.2	4,579,501	6,977,880	39.6
Dec 2000	138,824,111	38,736,911	78.2	6,620,471	8,250,938	44.5
Jun 2001	134,530,884	40,221,391	77.0	7,793,071	9,481,656	45.1
Dec 2001	133,320,119	38,597,240	77.5	9,489,049	10,164,392	48.3
Jun 2002	130,937,328	36,392,678	78.3	11,080,676	10,564,252	51.2
Dec 2002	127,494,698	36,891,754	77.6	14,608,495	10,255,196	58.8
Jun 2003	122,573,530	35,701,008	77.4	16,770,561	10,214,784	62.1
Dec 2003	118,658,867	34,498,976	77.5	18,702,229	11,073,209	62.8
Jun 2004	114,533,368	33,459,850	77.4	20,871,756	11,162,159	65.2
Dec 2004	112,054,420	32,755,479	77.4	19,811,711	13,069,101	60.3
Jun 2005	95,315,689	48,442,019	66.3	16,338,117	17,552,885	48.2
Dec 2005	94,371,498	49,395,000	65.6	13,892,048	17,691,831	44.0

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised.

¹ Included small business lines through December 2004.

² Excluded small business lines through December 2004.

Chart 2
Percent of Lines That Serve Residential Customers ¹

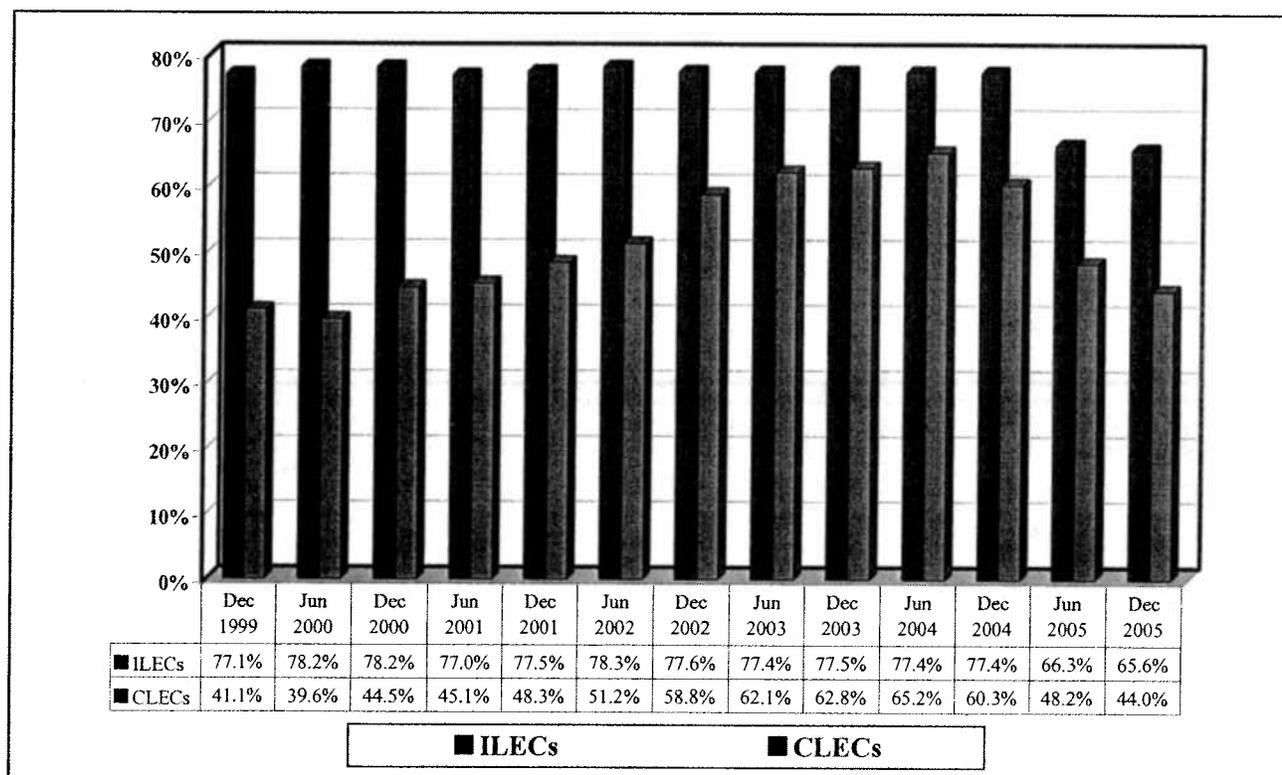


Table 3
Reporting Competitive Local Exchange Carriers
(End-User Switched Access Lines in Thousands)

Date	CLECs Reporting	Total End-User Lines	Acquired from Other Carriers		CLEC-Owned Lines ²	Percent		
			Resold Lines	UNEs ¹		Resold	UNEs	CLEC-Owned
Dec 1999	81	8,194	3,513	1,959	2,723	42.9%	23.9%	33.2%
Jun 2000	78	11,557	4,315	3,201	4,042	37.3	27.7	35.0
Dec 2000	89	14,871	4,114	5,540	5,217	27.7	37.3	35.1
Jun 2001	91	17,275	3,919	7,580	5,776	22.7	43.9	33.4
Dec 2001	94	19,653	4,250	9,332	6,072	21.6	47.5	30.9
Jun 2002	96	21,645	4,478	10,930	6,236	20.7	50.5	28.8
Dec 2002	112	24,864	4,677	13,709	6,479	18.8	55.1	26.1
Jun 2003	125	26,985	4,887	15,728	6,370	18.1	58.3	23.6
Dec 2003	136	29,775	4,842	17,888	7,045	16.3	60.1	23.7
Jun 2004	137	32,034	4,927	19,624	7,483	15.4	61.3	23.4
Dec 2004	149	32,881	5,417	18,961	8,503	16.5	57.7	25.9
Jun 2005	326	33,891	5,753	19,014	9,124	17.0	56.1	26.9
Dec 2005	374	31,584	6,648	14,836	10,100	21.0	47.0	32.0

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Figures may not add to totals due to rounding. Some data have been revised.

¹ Includes unbundled network element (UNE) loops leased from an unaffiliated carrier on a stand-alone basis and also UNE loops leased in combination with UNE switching or any other unbundled network element.

² Lines provided over CLEC-owned "last-mile" facilities.

Chart 3
Competitive Local Exchange Carriers' End-User Lines

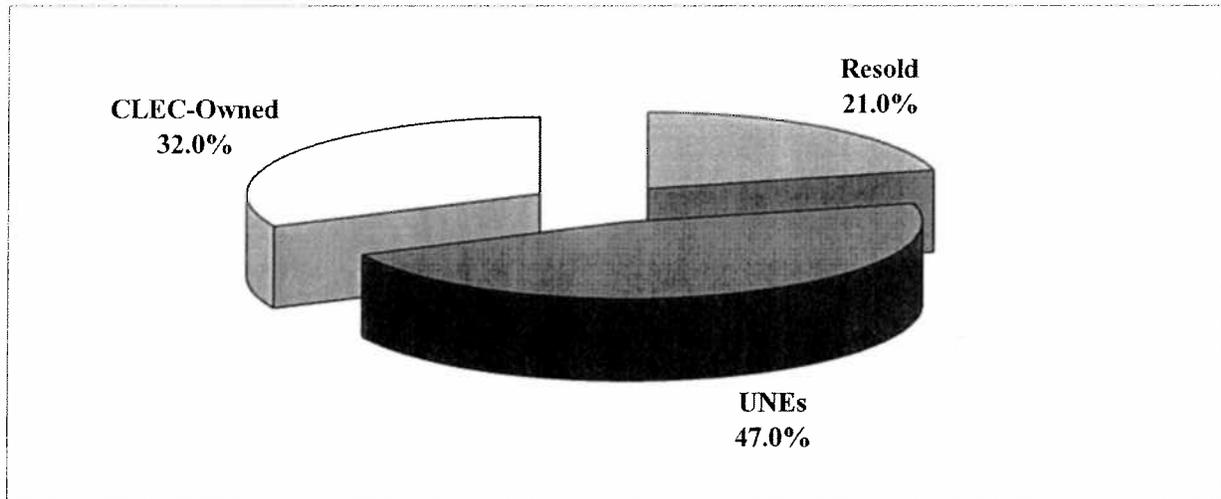


Table 4
Reporting Incumbent Local Exchange Carriers
(Switched Access Lines in Thousands)

Date ¹	ILECs Reporting	Total Lines	End-User Lines	Provided to Other Carriers					
				Resold Lines	UNEs		Total UNEs	Total UNEs & Resold Lines	Percent of Total Lines
					Without Switching	With Switching			
Dec 1997	9	159,008	157,132	1,743			133	1,876	1.2 %
Jun 1998	8	161,810	159,118	2,448			244	2,692	1.7
Dec 1998	7	164,614	161,191	3,062			361	3,423	2.1
Jun 1999	7	167,177	162,909	3,583			685	4,268	2.6
Dec 1999	168	187,190	181,203	4,494	1,004	489	1,493	5,987	3.2
Jun 2000	159	188,058	179,649	5,098	1,696	1,616	3,312	8,409	4.5
Dec 2000	166	188,223	177,561	5,388	2,436	2,838	5,274	10,662	5.7
Jun 2001	156	187,092	174,752	4,417	3,161	4,761	7,922	12,340	6.6
Dec 2001	164	185,391	171,917	4,014	3,679	5,781	9,460	13,474	7.3
Jun 2002	166	182,345	167,330	3,475	4,061	7,478	11,540	15,015	8.2
Dec 2002	174	181,616	164,386	2,743	4,259	10,227	14,487	17,229	9.5
Jun 2003	181	177,770	158,275	2,232	4,227	13,036	17,263	19,495	11.0
Dec 2003	185	174,453	153,158	1,833	4,287	15,176	19,463	21,296	12.2
Jun 2004	185	171,050	147,993	1,600	4,322	17,136	21,458	23,057	13.5
Dec 2004	190	167,063	144,810	1,490	4,217	16,546	20,763	22,253	13.3
Jun 2005	757	164,449	143,758	1,796	4,300	14,596	18,895	20,691	12.6
Dec 2005	807	160,874	143,766	1,793	4,469	10,846	15,315	17,108	10.6

Figures may not add to totals due to rounding. Some data have been revised.

¹ Data for December 1997 through June 1999 are from Common Carrier Bureau voluntary surveys. The later data are from FCC Form 477 filings. Only LECs with at least 10,000 lines in a state were required to report from December 1999 through December 2004. Beginning with the June 2005 data all LECs are required to report.

Chart 4
ILEC Lines and the Percent Provided to Other Carriers

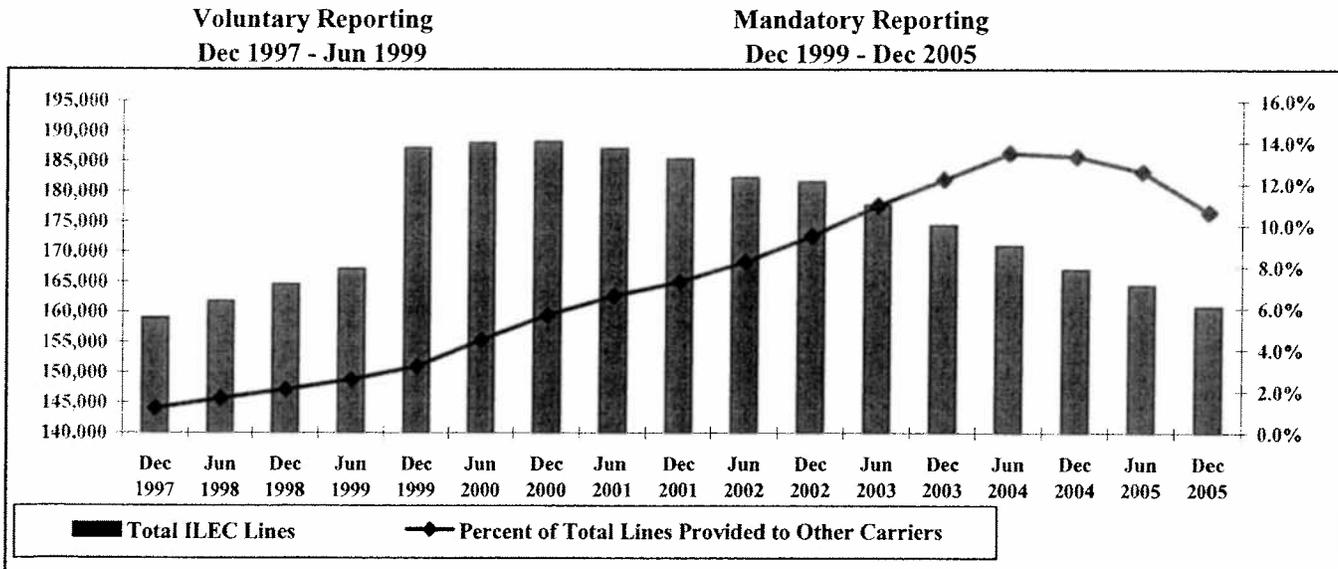


Table 5
Competitive Local Exchange Carrier Lines by Type of Technology
(End-User Switched Access Lines in Thousands)

Date	Coaxial Cable	Other Technologies	Total	Percent Coaxial Cable
Dec 1999	308	7,886	8,194	3.8 %
Jun 2000	614	10,943	11,557	5.3
Dec 2000	1,125	13,746	14,871	7.6
Jun 2001	1,876	15,399	17,275	10.9
Dec 2001	2,246	17,408	19,653	11.4
Jun 2002	2,597	19,048	21,645	12.0
Dec 2002	3,071	21,793	24,864	12.4
Jun 2003	3,123	23,863	26,985	11.6
Dec 2003	3,301	26,474	29,775	11.1
Jun 2004	3,338	28,696	32,034	10.4
Dec 2004	3,706	29,174	32,881	11.3
Jun 2005	4,571	29,320	33,891	13.5
Dec 2005	5,060	26,524	31,584	16.0

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised.

Chart 5
Competitive Local Exchange Carrier Lines by Type of Technology
(End-User Switched Access Lines in Thousands)

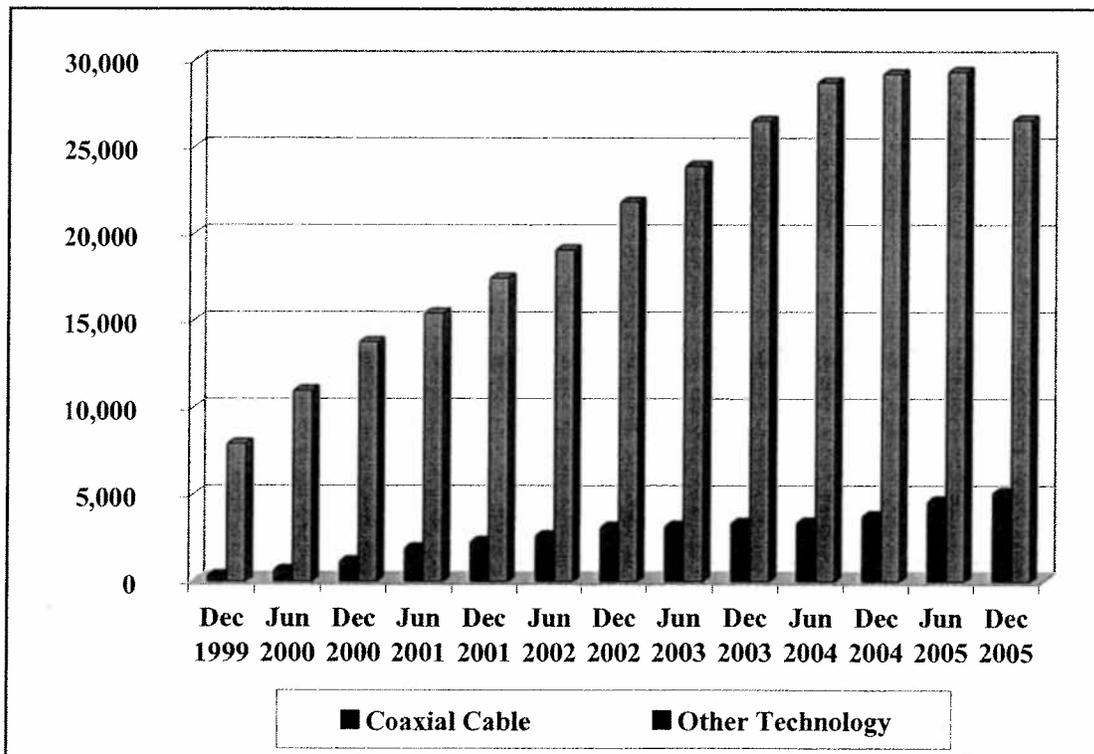


Table 6
Presubscribed Interstate Long Distance Lines
As of December 31, 2005
(In Thousands)

	RBOC	Other ILEC	ILEC Total	CLEC	Total
Residential					
Presubscribed	44,541	9,733	54,273	12,253	66,527
Not Presubscribed	32,763	7,335	40,098	1,639	41,737
All Lines	77,303	17,068	94,371	13,892	108,264
Percent Presubscribed	58%	57%	58%	88%	61%
Business					
Presubscribed	16,236	2,506	18,742	12,635	31,377
Not Presubscribed	26,740	3,912	30,653	5,057	35,710
All Lines	42,976	6,419	49,395	17,692	67,087
Percent Presubscribed	38%	39%	38%	71%	47%
Total					
Presubscribed	60,777	12,239	73,016	24,889	97,904
Not Presubscribed	59,503	11,248	70,751	6,695	77,446
All Lines	120,280	23,487	143,766	31,584	175,350
Percent Presubscribed	51%	52%	51%	79%	56%

Figures may not add to totals due to rounding.

Table 7
End-User Switched Access Lines Served by Reporting Local Exchange Carriers
(As of December 31, 2005)

State	ILECs	CLECs	Total	CLEC Share
Alabama	2,024,260	348,696	2,372,956	15 %
Alaska	326,374	*	*	*
American Samoa	10,838	0	10,838	0
Arizona	2,295,247	976,643	3,271,890	30
Arkansas	1,215,421	151,834	1,367,255	11
California	19,630,709	2,994,653	22,625,362	13
Colorado	2,337,733	590,326	2,928,059	20
Connecticut	1,985,832	227,752	2,213,584	10
Delaware	467,428	118,120	585,548	20
District of Columbia	871,773	172,050	1,043,823	16
Florida	9,209,755	1,731,440	10,941,195	16
Georgia	3,962,993	865,794	4,828,787	18
Guam	67,011	0	67,011	0
Hawaii	627,319	49,317	676,636	7
Idaho	672,447	75,951	748,398	10
Illinois	6,497,122	1,667,867	8,164,989	20
Indiana	3,111,533	359,560	3,471,093	10
Iowa	1,324,575	207,581	1,532,156	14
Kansas	1,122,549	302,249	1,424,798	21
Kentucky	1,768,140	303,165	2,071,305	15
Louisiana	1,832,399	388,269	2,220,668	17
Maine	663,772	163,818	827,590	20
Maryland	3,096,645	693,204	3,789,849	18
Massachusetts	3,102,061	1,036,974	4,139,035	25
Michigan	4,608,796	1,048,822	5,657,618	19
Minnesota	2,318,991	723,489	3,042,480	24
Mississippi	1,104,751	153,783	1,258,534	12
Missouri	2,907,056	363,364	3,270,420	11
Montana	472,596	52,014	524,610	10
Nebraska	681,113	237,496	918,609	26
Nevada	1,246,342	182,030	1,428,372	13
New Hampshire	624,329	209,366	833,695	25
New Jersey	4,714,621	1,282,352	5,996,973	21
New Mexico	892,715	65,123	957,838	7
New York	8,019,979	3,552,159	11,572,138	31
North Carolina	4,128,542	738,055	4,866,597	15
North Dakota	278,956	66,830	345,786	19
Northern Mariana Isl.	22,770	0	22,770	0
Ohio	5,574,685	953,386	6,528,071	15
Oklahoma	1,520,798	324,132	1,844,930	18
Oregon	1,643,476	335,162	1,978,638	17
Pennsylvania	6,299,554	1,882,572	8,182,126	23
Puerto Rico	1,020,878	*	*	*
Rhode Island	369,454	264,827	634,281	42
South Carolina	1,938,813	292,019	2,230,832	13
South Dakota	279,170	136,073	415,243	33
Tennessee	2,717,515	532,347	3,249,862	16
Texas	10,034,762	1,855,025	11,889,787	16
Utah	924,423	260,478	1,184,901	22
Vermont	363,874	51,405	415,279	12
Virgin Islands	70,038	*	*	*
Virginia	3,834,232	1,103,341	4,937,573	22
Washington	3,062,790	514,149	3,576,939	14
West Virginia	875,854	118,349	994,203	12
Wisconsin	2,739,056	588,388	3,327,444	18
Wyoming	251,633	34,004	285,637	12
Nationwide	143,766,498	31,583,879	175,350,377	18 %

* Data withheld to maintain firm confidentiality.

Table 8
Competitive Local Exchange Carrier Share of End-User Switched Access Lines

State	2000		2001		2002		2003		2004		2005	
	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Alabama	3 %	4 %	5 %	5 %	5 %	9 %	11 %	13 %	15 %	16 %	16	15 %
Alaska	*	*	*	*	*	*	*	*	*	*	*	*
American Samoa	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0
Arizona	5	5	7	9	11	12	16	22	25	25	27	30
Arkansas	*	*	*	*	*	10	*	11	12	12	13	11
California	5	6	7	8	9	11	13	15	16	17	18	13
Colorado	7	9	10	13	14	15	16	17	17	16	17	20
Connecticut	5	6	7	7	9	9	10	10	11	13	14	10
Delaware	*	*	0	0	*	*	9	12	16	16	20	20
District of Columbia	7	9	12	13	16	14	16	17	19	19	20	16
Florida	6	6	7	7	9	13	13	14	16	16	15	16
Georgia	6	8	10	11	13	15	17	18	19	20	21	18
Guam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0
Hawaii	*	0	*	*	*	*	*	*	*	*	6	7
Idaho	0	*	*	*	*	*	5	6	7	7	10	10
Illinois	7	9	13	15	17	19	19	20	21	22	20	20
Indiana	4	5	5	5	7	8	9	13	14	13	14	10
Iowa	9	11	11	12	12	13	13	13	14	14	14	14
Kansas	5	7	8	9	12	17	21	21	22	24	25	21
Kentucky	*	3	*	*	*	4	5	8	11	11	14	15
Louisiana	2	3	4	4	5	7	9	10	12	14	19	17
Maine	*	*	*	*	*	*	8	10	14	18	20	20
Maryland	3	4	6	4	6	7	10	14	16	18	18	18
Massachusetts	8	11	12	15	16	16	18	21	23	25	25	25
Michigan	5	6	9	13	18	21	22	25	26	26	25	19
Minnesota	7	9	11	13	14	17	17	19	20	21	21	24
Mississippi	*	4	4	3	2	6	7	9	10	10	14	12
Missouri	5	6	6	7	8	10	10	11	13	13	14	11
Montana	*	*	*	*	*	*	3	4	4	4	8	10
Nebraska	*	*	*	12	16	18	20	21	22	25	25	26
Nevada	*	*	10	*	*	11	9	10	11	11	13	13
New Hampshire	*	6	8	10	13	14	16	17	20	23	25	25
New Jersey	4	5	4	5	6	10	15	19	20	22	22	21
New Mexico	*	*	*	*	*	*	*	*	8	8	8	7
New York	16	20	23	25	25	24	27	28	30	30	30	31
North Carolina	4	4	6	6	6	8	9	9	11	13	13	15
North Dakota	*	*	*	*	*	*	*	8	8	7	20	19
Northern Mariana Isl.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0
Ohio	4	4	4	5	7	9	11	14	15	15	15	15
Oklahoma	*	5	6	8	10	11	11	14	13	16	18	18
Oregon	3	4	5	7	7	9	8	12	13	16	13	17
Pennsylvania	8	10	13	14	15	16	17	19	20	22	23	23
Puerto Rico	*	*	*	*	*	*	*	*	*	*	*	*
Rhode Island	*	*	10	16	18	21	25	28	32	35	40	42
South Carolina	*	4	4	3	5	7	9	9	10	11	13	13
South Dakota	*	*	*	*	*	*	14	18	*	*	30	33
Tennessee	6	6	8	8	7	9	10	11	14	15	16	16
Texas	7	13	14	16	16	17	18	18	19	19	19	16
Utah	6	10	11	13	13	15	19	20	23	24	23	22
Vermont	*	*	*	*	*	*	*	*	*	*	14	12
Virgin Islands	0	0	0	0	0	0	0	0	0	0	*	*
Virginia	5	7	9	11	12	12	14	17	20	21	21	22
Washington	5	6	6	8	9	10	10	11	13	14	14	14
West Virginia	*	*	*	*	*	*	*	*	*	11	12	12
Wisconsin	7	8	9	11	12	13	15	18	19	18	19	18
Wyoming	*	*	*	*	*	*	*	*	*	*	11	12
Nationwide	6 %	8 %	9 %	10 %	11 %	13 %	15 %	16 %	18 %	18 %	19 %	18 %

* Data withheld to maintain firm confidentiality. NA is an abbreviation for not applicable. Some data have been revised.

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report.

Table 9
End-User Switched Access Lines Served by Reporting Competitive Local Exchange Carriers

State	1999	2000	2001	2002	2003	2004	2005	
	Dec	Dec	Dec	Dec	Dec	Dec	Jun	Dec
Alabama	131,357	104,933	117,159	215,962	302,911	369,923	386,112	348,696
Alaska	*	*	*	*	*	*	*	*
American Samoa	0	0	0	0	0	0	0	0
Arizona	*	165,597	310,517	400,080	707,477	792,272	864,526	976,643
Arkansas	*	*	*	144,411	146,513	151,118	181,656	151,834
California	1,027,200	1,498,146	2,003,404	2,705,851	3,422,373	3,905,815	4,030,126	2,994,653
Colorado	141,135	286,955	391,257	482,014	505,772	473,193	496,728	590,326
Connecticut	86,385	154,349	187,450	236,462	242,643	300,221	316,131	227,752
Delaware	*	*	0	*	71,230	95,464	122,117	118,120
District of Columbia	77,865	94,850	126,461	160,174	180,680	211,752	222,582	172,050
Florida	681,382	718,157	866,809	1,509,299	1,576,562	1,818,671	1,704,646	1,731,440
Georgia	254,672	462,392	600,087	807,935	913,567	1,002,671	1,024,581	865,794
Guam	0	0	0	0	0	0	0	0
Hawaii	*	0	*	*	*	*	38,447	49,317
Idaho	0	*	*	*	46,858	47,442	77,018	75,951
Illinois	443,936	803,492	1,341,060	1,602,482	1,662,007	1,712,232	1,601,784	1,667,867
Indiana	96,091	191,921	205,845	284,532	457,657	472,491	493,450	359,560
Iowa	*	164,069	186,254	201,176	188,645	195,144	216,229	207,581
Kansas	*	106,686	145,659	258,312	310,032	335,946	362,494	302,249
Kentucky	45,522	56,392	*	92,483	162,391	220,362	300,118	303,165
Louisiana	71,206	69,437	93,107	188,652	229,051	323,623	457,783	388,269
Maine	*	*	*	*	78,050	143,207	168,895	163,818
Maryland	79,173	160,126	158,999	285,416	555,282	693,940	717,545	693,204
Massachusetts	277,476	509,731	669,209	750,473	973,607	1,089,437	1,089,068	1,036,974
Michigan	208,980	366,305	865,182	1,362,217	1,547,619	1,571,391	1,482,865	1,048,822
Minnesota	202,675	287,660	394,310	572,708	581,234	609,495	643,452	723,489
Mississippi	57,914	63,515	43,578	74,410	111,657	127,282	174,913	153,783
Missouri	113,347	203,537	262,947	336,895	362,346	411,039	451,936	363,364
Montana	*	*	*	*	18,616	20,401	43,205	52,014
Nebraska	*	*	144,229	177,698	199,498	216,723	228,138	237,496
Nevada	*	*	*	163,520	150,615	152,285	185,347	182,030
New Hampshire	*	52,137	85,549	125,893	142,385	192,674	217,847	209,366
New Jersey	*	323,680	330,005	697,176	1,235,977	1,394,412	1,389,001	1,282,352
New Mexico	*	*	*	*	*	76,443	75,643	65,123
New York	1,191,446	2,769,814	3,353,394	3,175,265	3,596,739	3,627,966	3,574,492	3,552,159
North Carolina	166,473	230,733	302,044	405,853	476,299	628,285	617,656	738,055
North Dakota	*	*	*	*	25,039	20,478	68,767	66,830
Northern Mariana Isl.	0	0	0	0	0	0	0	0
Ohio	262,159	308,213	352,811	652,104	946,303	963,330	981,363	953,386
Oklahoma	*	102,456	160,186	207,798	270,313	286,138	328,505	324,132
Oregon	47,239	99,326	153,084	183,319	249,696	317,675	260,065	335,162
Pennsylvania	412,761	870,618	1,186,897	1,405,894	1,585,025	1,828,160	1,870,333	1,882,572
Puerto Rico	0	*	*	*	*	*	*	*
Rhode Island	*	*	108,190	145,202	187,936	229,179	267,486	264,827
South Carolina	*	89,255	72,035	171,572	218,095	240,281	289,887	292,019
South Dakota	*	*	*	*	64,784	*	128,053	136,073
Tennessee	129,987	222,917	268,222	329,150	380,298	481,997	529,540	532,347
Texas	586,111	1,764,676	2,166,033	2,182,929	2,265,505	2,278,556	2,332,263	1,855,025
Utah	34,351	129,834	155,992	194,352	241,454	286,966	280,696	260,478
Vermont	*	*	*	*	*	*	60,569	51,405
Virgin Islands	0	0	0	0	0	0	*	*
Virginia	88,431	336,826	537,753	639,330	873,022	1,074,184	1,055,234	1,103,341
Washington	138,449	240,514	336,230	406,750	433,967	501,518	505,432	514,149
West Virginia	*	*	*	*	*	107,134	117,620	118,349
Wisconsin	177,336	278,087	367,195	477,915	603,492	593,293	649,256	588,388
Wyoming	*	*	*	*	*	*	30,425	34,004
Total	8,194,243	14,871,409	19,653,441	24,863,691	29,775,438	32,880,812	33,891,002	31,583,879

* Data withheld to maintain firm confidentiality.

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised.

Table 10
End-User Switched Access Lines Served by Reporting Incumbent Local Exchange Carriers

State	1999	2000	2001	2002	2003	2004	2005	
	Dec	Dec	Dec	Dec	Dec	Dec	Jun	Dec
Alabama	2,360,023	2,424,197	2,381,574	2,238,352	2,046,244	1,971,269	2,024,441	2,024,260
Alaska	355,583	401,177	338,941	327,183	316,233	299,899	328,415	326,374
American Samoa	0	0	0	0	0	0	10,659	10,838
Arizona	3,006,276	3,073,779	2,981,156	2,878,210	2,541,931	2,367,011	2,325,669	2,295,247
Arkansas	1,396,981	1,420,169	1,363,454	1,257,291	1,212,895	1,153,302	1,216,081	1,215,421
California	23,198,657	23,250,580	22,771,976	21,475,881	20,111,818	19,140,976	18,944,739	19,630,709
Colorado	2,873,169	2,833,948	2,727,654	2,642,166	2,496,330	2,403,583	2,370,884	2,337,733
Connecticut	2,416,300	2,382,208	2,329,716	2,266,558	2,172,574	2,045,255	1,984,587	1,985,832
Delaware	581,714	555,913	552,331	562,577	525,331	485,278	478,837	467,428
District of Columbia	994,975	922,531	865,008	976,228	901,056	892,860	894,341	871,773
Florida	11,090,801	11,349,981	11,019,972	10,406,129	9,975,073	9,539,410	9,345,496	9,209,755
Georgia	4,869,774	4,988,949	4,723,842	4,423,324	4,187,544	3,990,388	3,972,427	3,962,993
Guam	0	0	0	0	0	0	0	67,011
Hawaii	736,080	744,205	735,459	723,111	698,178	673,259	643,998	627,319
Idaho	709,210	733,580	706,991	700,089	678,088	659,009	682,165	672,447
Illinois	8,040,394	7,875,563	7,578,706	6,994,127	6,517,977	6,225,760	6,214,096	6,497,122
Indiana	3,559,946	3,574,414	3,637,893	3,459,873	3,188,863	3,056,392	3,070,315	3,111,533
Iowa	1,439,574	1,387,746	1,356,643	1,329,633	1,285,764	1,210,098	1,355,951	1,324,575
Kansas	1,543,799	1,498,636	1,397,937	1,236,051	1,149,527	1,067,801	1,110,300	1,122,549
Kentucky	2,126,249	2,166,664	2,173,958	2,100,313	1,910,272	1,772,039	1,791,507	1,768,140
Louisiana	2,423,524	2,506,348	2,440,988	2,353,620	2,146,036	2,000,230	1,953,820	1,832,399
Maine	822,990	804,652	764,536	797,973	737,751	661,288	688,379	663,772
Maryland	3,932,708	3,802,622	3,660,869	3,634,524	3,369,687	3,189,630	3,173,227	3,096,645
Massachusetts	4,580,383	4,252,502	3,931,469	3,914,218	3,565,171	3,321,129	3,245,760	3,102,061
Michigan	6,287,424	6,262,696	5,965,971	5,174,471	4,614,333	4,393,671	4,410,849	4,608,796
Minnesota	2,926,177	2,940,034	2,698,867	2,708,221	2,453,860	2,317,299	2,384,842	2,318,991
Mississippi	1,288,847	1,352,284	1,332,389	1,277,168	1,186,725	1,125,570	1,117,163	1,104,751
Missouri	3,464,118	3,418,983	3,328,130	3,145,872	2,997,347	2,852,641	2,892,074	2,907,056
Montana	530,884	529,878	521,550	509,979	490,505	471,621	487,046	472,596
Nebraska	946,718	949,217	1,030,125	828,394	736,105	665,963	692,446	681,113
Nevada	1,331,122	1,353,193	1,352,724	1,348,042	1,301,193	1,260,566	1,251,993	1,246,342
New Hampshire	861,976	805,143	758,515	743,300	703,594	653,880	645,599	624,329
New Jersey	6,867,616	6,747,131	6,482,459	6,200,678	5,425,840	4,972,805	4,846,691	4,714,621
New Mexico	940,489	957,195	965,946	965,816	919,450	879,539	902,178	892,715
New York	12,675,692	10,952,903	10,223,476	10,037,200	9,115,865	8,474,296	8,292,109	8,019,979
North Carolina	4,922,110	5,133,984	5,023,740	4,824,385	4,630,912	4,349,371	4,239,339	4,128,542
North Dakota	357,062	317,270	306,963	293,639	275,457	257,409	280,323	278,956
Northern Mariana Isl	0	0	0	0	0	0	0	22,770
Ohio	6,904,938	6,922,773	6,967,603	6,405,570	5,889,260	5,581,862	5,504,901	5,574,685
Oklahoma	2,008,819	1,950,618	1,873,489	1,726,359	1,638,861	1,524,900	1,534,575	1,520,798
Oregon	2,104,982	2,109,510	2,043,164	1,955,544	1,813,627	1,697,357	1,672,650	1,643,476
Pennsylvania	8,474,914	8,012,115	7,524,072	7,394,441	6,922,904	6,498,790	6,400,366	6,299,554
Puerto Rico	1,294,962	1,299,291	1,288,439	1,276,493	1,178,707	1,072,456	1,047,636	1,020,878
Rhode Island	676,212	627,784	570,513	542,069	482,392	420,277	394,144	369,454
South Carolina	2,222,641	2,314,649	2,276,681	2,210,548	2,100,205	2,002,526	1,895,283	1,938,813
South Dakota	353,816	309,349	327,150	309,173	297,540	269,271	297,036	279,170
Tennessee	3,322,220	3,412,145	3,289,154	3,147,556	2,943,127	2,773,968	2,727,436	2,717,515
Texas	12,601,936	11,892,768	11,365,441	10,766,127	10,269,558	9,780,440	9,730,233	10,034,762
Utah	1,197,043	1,174,625	1,086,537	1,075,061	993,796	923,458	917,429	924,423
Vermont	404,836	400,929	388,399	395,441	376,390	361,751	369,720	363,874
Virgin Islands	66,701	0	70,784	71,894	71,284	70,888	70,462	70,038
Virginia	4,853,301	4,317,626	4,436,193	4,512,398	4,192,316	3,996,369	3,924,917	3,834,232
Washington	3,811,920	3,784,183	3,635,702	3,553,994	3,375,160	3,204,555	3,136,578	3,062,790
West Virginia	1,004,031	927,432	967,218	974,090	954,583	896,304	891,492	875,854
Wisconsin	3,184,664	3,178,516	3,121,462	3,063,426	2,834,559	2,699,412	2,725,490	2,739,056
Wyoming	255,572	256,434	253,430	251,672	238,045	234,818	248,614	251,633
Total	181,202,853	177,561,022	171,917,359	164,386,452	153,157,843	144,809,899	143,757,708	143,766,498

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Some data have been revised.

Table 11
CLEC-Reported End-User Switched Access Lines by State
(As of December 31, 2005)

State	Resold Lines	UNEs	CLEC-Owned	Total
Alabama	87,472	189,255	71,968	348,696
Alaska	*	*	*	*
American Samoa	0	0	0	0
Arizona	172,769	159,059	644,816	976,643
Arkansas	7,477	76,729	67,628	151,834
California	554,267	1,160,206	1,280,180	2,994,653
Colorado	95,333	222,442	272,551	590,326
Connecticut	25,634	89,519	112,599	227,752
Delaware	40,959	73,679	3,482	118,120
District of Columbia	49,533	61,890	60,627	172,050
Florida	464,157	865,804	401,479	1,731,440
Georgia	237,541	488,854	139,399	865,794
Guam	0	0	0	0
Hawaii	18,859	5,222	25,236	49,317
Idaho	13,989	37,664	24,298	75,951
Illinois	105,164	1,155,328	407,375	1,667,867
Indiana	41,044	228,475	90,041	359,560
Iowa	41,204	105,091	61,286	207,581
Kansas	17,959	151,291	133,000	302,249
Kentucky	150,450	118,434	34,281	303,165
Louisiana	72,168	160,802	155,299	388,269
Maine	45,449	66,610	51,759	163,818
Maryland	296,750	336,320	60,134	693,204
Massachusetts	303,316	339,513	394,145	1,036,974
Michigan	31,375	915,393	102,053	1,048,822
Minnesota	132,605	348,434	242,450	723,489
Mississippi	38,129	97,444	18,210	153,783
Missouri	18,374	207,762	137,229	363,364
Montana	7,709	14,509	29,796	52,014
Nebraska	*	*	181,203	237,496
Nevada	30,327	113,730	37,973	182,030
New Hampshire	49,910	79,714	79,742	209,366
New Jersey	606,709	498,785	176,858	1,282,352
New Mexico	30,693	23,130	11,299	65,123
New York	1,191,200	1,482,438	878,521	3,552,159
North Carolina	199,147	301,267	237,641	738,055
North Dakota	6,077	44,683	16,070	66,830
Northern Mariana Isl.	0	0	0	0
Ohio	62,851	448,758	441,777	953,386
Oklahoma	9,278	109,512	205,342	324,132
Oregon	48,163	224,351	62,649	335,162
Pennsylvania	360,838	877,226	644,508	1,882,572
Puerto Rico	*	*	*	*
Rhode Island	*	53,323	*	264,827
South Carolina	49,908	168,936	73,175	292,019
South Dakota	28,007	28,947	79,119	136,073
Tennessee	133,030	252,958	146,358	532,347
Texas	177,290	1,001,005	676,730	1,855,025
Utah	53,087	121,679	85,712	260,478
Vermont	15,320	25,469	10,616	51,405
Virgin Islands	*	*	*	*
Virginia	279,049	394,772	429,521	1,103,341
Washington	87,247	249,162	177,741	514,149
West Virginia	33,274	75,558	9,517	118,349
Wisconsin	19,037	430,374	138,978	588,388
Wyoming	2,705	22,298	9,001	34,004
Total	6,648,359	14,835,776	10,099,743	31,583,879

* Data withheld to maintain firm confidentiality.

Table 12
Percentage of Lines Provided to Residential Customers

State	ILECs		CLECs		Total	
	Jun 2005	Dec 2005	Jun 2005	Dec 2005	Jun 2005	Dec 2005
Alabama	72	72	48	44	68	68
Alaska	55	56	*	*	*	*
American Samoa	53	58	NA	NA	53	58
Arizona	66	66	66	58	66	64
Arkansas	69	68	51	43	66	65
California	62	61	49	45	60	59
Colorado	68	68	36	28	63	60
Connecticut	69	67	38	45	65	64
Delaware	65	65	44	40	61	60
District of Columbia	25	25	19	22	24	25
Florida	70	70	38	27	65	63
Georgia	64	64	43	41	60	60
Guam	NA	57	NA	NA	NA	57
Hawaii	66	65	0	26	62	62
Idaho	70	70	45	28	67	65
Illinois	60	60	53	36	59	55
Indiana	67	67	56	52	65	65
Iowa	71	71	57	56	69	69
Kansas	66	63	58	65	64	64
Kentucky	70	70	57	64	68	69
Louisiana	70	67	53	50	67	64
Maine	74	75	51	49	70	70
Maryland	61	61	47	47	58	58
Massachusetts	64	64	48	43	60	59
Michigan	61	61	61	60	61	61
Minnesota	71	71	45	40	65	63
Mississippi	70	69	58	58	68	67
Missouri	71	69	54	56	69	68
Montana	70	70	32	41	67	67
Nebraska	59	59	61	61	60	59
Nevada	67	66	16	17	61	60
New Hampshire	79	73	41	39	69	65
New Jersey	63	62	47	44	60	58
New Mexico	72	72	36	34	69	69
New York	62	62	56	51	60	59
North Carolina	71	70	32	39	66	65
North Dakota	71	70	58	56	68	67
Northern Mariana Islands	NA	49	NA	NA	NA	49
Ohio	68	67	54	45	66	64
Oklahoma	70	69	56	62	68	68
Oregon	74	73	33	22	68	64
Pennsylvania	71	71	36	32	63	62
Puerto Rico	86	83	*	*	*	*
Rhode Island	67	67	58	59	63	64
South Carolina	71	70	37	37	67	66
South Dakota	65	65	68	64	66	64
Tennessee	73	73	33	27	67	65
Texas	66	65	49	52	63	63
Utah	68	68	41	33	62	60
Vermont	73	73	30	29	66	68
Virgin Islands	73	66	*	*	73	*
Virginia	61	60	53	51	59	58
Washington	72	72	33	28	66	65
West Virginia	76	76	25	23	70	69
Wisconsin	66	64	52	53	63	62
Wyoming	62	62	56	59	61	62
Nationwide	66	66	48	44	63	62

* Data withheld to maintain firm confidentiality. NA is an abbreviation for not applicable. Some data have been revised.

Table 13
Number of Reporting Local Exchange Carriers
(As of December 31, 2005)

State	ILECs	CLECs	Total
Alabama	21	38	59
Alaska	16	3	19
American Samoa	1	0	1
Arizona	14	26	40
Arkansas	19	27	46
California	16	54	70
Colorado	23	29	52
Connecticut	3	22	25
Delaware	1	22	23
District of Columbia	1	25	26
Florida	9	59	68
Georgia	23	52	75
Guam	1	0	1
Hawaii	2	6	8
Idaho	18	19	37
Illinois	43	63	106
Indiana	31	45	76
Iowa	137	46	183
Kansas	35	38	73
Kentucky	18	45	63
Louisiana	11	40	51
Maine	10	19	29
Maryland	2	39	41
Massachusetts	4	33	37
Michigan	26	45	71
Minnesota	59	44	103
Mississippi	13	38	51
Missouri	34	38	72
Montana	15	19	34
Nebraska	34	20	54
Nevada	12	24	36
New Hampshire	6	24	30
New Jersey	3	51	54
New Mexico	15	21	36
New York	25	56	81
North Carolina	20	48	68
North Dakota	20	20	40
Northern Mariana Islands	1	0	1
Ohio	34	46	80
Oklahoma	34	34	68
Oregon	28	31	59
Pennsylvania	24	51	75
Puerto Rico	1	4	5
Rhode Island	1	20	21
South Carolina	16	45	61
South Dakota	26	19	45
Tennessee	18	40	58
Texas	53	67	120
Utah	11	18	29
Vermont	8	12	20
Virgin Islands	1	1	2
Virginia	13	38	51
Washington	16	33	49
West Virginia	7	20	27
Wisconsin	44	46	90
Wyoming	11	15	26
Nationwide - Unduplicated	807	374	1,181

Each report represents all of a company's operations in a given state. Carriers with both ILEC and CLEC operations in the same state provide separate reports.

Table 14
Mobile Wireless Telephone Subscribers ¹

State	Dec 2005		Subscribers							
	Carriers ¹	Percent Resold ²	1999	2000	2001	2002	2003	2004	2005	
			Dec	Dec	Dec	Dec	Dec	Dec	Jun	Dec
Alabama	13	6 %	1,080,410	1,386,294	1,979,075	1,987,254	2,242,108	2,580,810	2,843,385	3,071,359
Alaska	10	2	165,221	*	240,216	267,630	303,184	321,152	340,507	376,695
American Samoa	*	*	0	0	0	0	0	*	*	*
Arizona	10	9	1,125,321	1,855,115	2,171,021	2,520,058	2,843,061	3,299,222	3,547,280	3,849,152
Arkansas	6	5	719,919	743,928	970,127	1,156,345	1,296,901	1,458,673	1,681,404	1,781,266
California	11	4	8,544,941	12,710,520	15,052,203	17,575,105	20,360,454	23,457,761	24,598,429	25,564,483
Colorado	8	10	1,552,718	1,856,075	2,145,816	2,358,748	2,554,731	2,808,195	3,053,186	3,260,286
Connecticut	5	5	1,077,089	1,277,123	1,639,914	1,694,110	1,928,988	2,181,133	2,332,045	2,466,372
Delaware	4	6	270,848	371,014	412,611	438,196	543,526	646,064	710,853	751,042
Dist. of Columbia	4	5	346,681	354,735	404,489	472,832	513,102	657,774	746,529	819,061
Florida	7	6	5,158,079	6,369,985	8,937,063	9,482,349	10,855,430	13,169,278	12,577,898	12,521,686
Georgia	9	6	2,538,983	2,754,784	4,149,717	4,497,576	4,940,091	5,730,223	6,023,302	6,103,234
Guam	*	*	*	*	*	*	*	*	*	61,670
Hawaii	4	3	288,425	524,291	595,721	689,857	771,023	880,965	935,189	983,998
Idaho	14	6	271,436	344,564	444,864	536,064	605,488	705,948	777,445	838,095
Illinois	9	6	3,922,482	5,143,767	5,631,172	6,476,683	7,183,989	8,075,938	8,575,211	9,026,588
Indiana	7	10	1,318,975	1,715,074	1,921,356	2,390,567	2,642,810	3,158,002	3,276,910	3,540,375
Iowa	39	7	774,773	832,106	1,087,608	1,239,384	1,342,931	1,557,542	1,593,673	1,767,830
Kansas	11	9	669,472	801,293	956,050	1,117,277	1,261,242	1,454,087	1,538,945	1,666,340
Kentucky	10	10	911,700	1,026,334	1,405,043	1,456,705	1,812,657	2,189,345	2,495,494	2,657,782
Louisiana	8	6	1,227,106	1,306,457	1,920,740	2,190,613	2,470,146	2,834,716	2,997,513	3,258,336
Maine	6	12	187,003	359,786	427,313	466,896	568,159	662,623	785,814	823,242
Maryland	6	5	1,634,625	2,298,651	2,614,216	2,913,943	3,319,605	3,900,172	4,177,782	4,470,611
Massachusetts	5	6	1,892,014	2,649,130	2,996,816	3,375,726	3,741,975	4,042,592	4,316,120	4,544,572
Michigan	10	8	3,512,813	3,551,719	4,238,399	4,674,980	5,114,259	5,766,616	6,238,846	6,613,341
Minnesota	9	10	1,550,411	1,851,430	2,153,857	2,415,033	2,677,472	2,973,126	3,124,214	3,370,196
Mississippi	9	7	673,355	786,577	1,048,061	1,112,765	1,324,160	1,517,702	1,627,762	1,817,099
Missouri	12	8	1,855,452	1,767,411	2,106,599	2,289,831	2,691,255	3,109,167	3,482,839	3,732,549
Montana	7	4	*	*	279,349	315,512	373,947	*	467,795	526,954
Nebraska	10	4	576,296	659,380	791,799	867,810	937,184	1,045,810	1,078,955	1,169,068
Nevada	8	7	750,335	684,752	842,155	984,486	1,216,838	1,463,370	1,605,708	1,778,411
New Hampshire	6	8	280,508	387,264	492,390	525,689	648,788	727,985	916,833	989,443
New Jersey	4	4	2,289,181	3,575,130	4,283,643	4,587,640	5,799,417	7,388,722	7,269,330	7,723,622
New Mexico	9	7	363,827	443,343	660,849	780,855	859,408	987,813	1,025,143	1,170,436
New York	11	6	4,833,816	5,918,136	7,429,249	8,937,683	9,453,613	10,834,741	11,901,311	12,634,420
North Carolina	14	6	2,536,068	3,105,811	3,767,598	4,094,715	4,554,723	5,363,630	5,496,422	5,784,334
North Dakota	6	3	*	*	*	*	*	*	388,609	454,456
Northern Mariana Isl.	*	*	*	*	*	*	*	*	*	*
Ohio	11	8	3,237,786	4,150,498	4,739,795	5,212,204	5,817,211	6,627,910	7,056,675	7,559,975
Oklahoma	14	7	826,637	1,124,214	1,288,357	1,440,970	1,614,191	1,760,122	2,000,787	2,187,424
Oregon	9	8	914,848	1,201,207	1,399,279	1,682,343	1,778,936	2,029,224	2,128,710	2,417,992
Pennsylvania	11	8	2,767,474	4,129,186	4,849,085	5,258,844	6,073,573	7,037,296	7,340,862	7,881,534
Puerto Rico	6	1	*	757,613	1,128,736	1,516,808	1,631,266	2,076,698	2,002,851	2,110,798
Rhode Island	4	7	279,304	355,889	456,059	515,547	567,331	607,489	653,900	709,525
South Carolina	12	5	1,137,232	1,392,586	1,752,457	1,896,369	2,149,480	2,369,252	2,593,000	2,768,481
South Dakota	6	2	*	*	278,646	325,114	365,211	428,513	435,063	482,623
Tennessee	12	7	1,529,054	1,985,851	2,510,978	2,674,566	2,974,512	3,531,286	3,791,154	4,114,401
Texas	28	6	5,792,453	7,548,537	9,156,187	10,133,280	11,327,700	13,092,007	14,402,814	15,620,248
Utah	7	6	643,824	750,244	919,002	1,052,522	1,154,992	1,345,205	1,415,896	1,531,763
Vermont	4	14	*	*	*	*	*	*	295,971	315,382
Virgin Islands	*	*	*	0	*	*	*	*	*	*
Virginia	8	6	2,262,567	2,708,342	3,270,165	3,753,106	4,147,182	4,240,462	4,900,018	5,126,651
Washington	9	9	1,873,475	2,286,082	2,706,030	2,869,784	3,377,193	3,770,602	3,995,325	4,177,196
West Virginia	9	13	241,265	392,384	498,811	576,503	675,257	761,658	821,103	858,599
Wisconsin	12	6	1,525,818	1,698,520	2,229,389	2,396,562	2,723,985	2,997,029	3,191,190	3,355,951
Wyoming	8	5	127,634	*	194,665	191,939	295,706	302,203	330,567	358,593
Nationwide	155	6 %	79,696,083	101,043,219	123,990,857	138,878,293	157,042,082	181,105,135	192,053,067	203,669,128

* Data withheld to maintain firm confidentiality. Some data have been revised.

¹ For data through December 2004, only facilities-based wireless carriers with at least 10,000 mobile telephony subscribers per state were required to report data, and they were instructed to use billing addresses to determine subscriber counts by state. Starting with the June 2005 data, all facilities-based wireless carriers are required to report, and to use the area codes of telephone numbers provided to subscribers to determine subscriber counts by state.

² Percentage of mobile wireless subscribers receiving their service from a mobile wireless reseller.

Table 15
Percentage of Zip Codes with Competitive Local Exchange Carriers (CLECs)

Number of CLECs	2000	2001	2002	2004		2005	
	Dec	Dec	Dec	Jun	Dec	Jun	Dec
Zero	44.0 %	38.0 %	31.3 %	21.0 %	21.9 %	17.4 %	18.4 %
One	16.8	16.8	19.3	15.3	15.3	10.5	11.4
Two	10.4	10.0	10.4	9.8	11.6	7.6	7.6
Three	7.2	7.7	6.7	7.5	7.6	6.0	6.2
Four	5.5	6.1	6.3	6.1	5.7	4.8	4.7
Five	4.0	4.5	5.2	5.4	5.2	4.2	4.1
Six	3.0	3.8	4.4	5.6	4.4	3.4	3.6
Seven	2.3	2.9	3.5	5.4	4.2	3.1	3.3
Eight	1.7	2.2	2.9	5.4	3.7	3.1	2.9
Nine	1.4	2.1	2.6	4.0	3.2	2.8	2.7
Ten or More	3.7	5.9	7.3	14.7	17.3	36.9	35.0

Table 16
Percentage of Households in Zip Codes with Competitive Local Exchange Carriers

Number of CLECs	2000	2001	2002	2004		2005	
	Dec	Dec	Dec	Jun	Dec	Jun	Dec
Zero	11.8 %	8.8 %	5.8 %	3.0 %	3.1 %	2.2 %	2.4 %
One	10.6	8.5	8.2	4.8	4.6	2.1	2.3
Two	10.6	9.7	8.3	4.8	5.8	2.3	2.2
Three	11.6	10.8	7.0	4.9	4.7	2.2	2.3
Four	11.3	9.7	8.3	5.6	4.9	2.2	2.1
Five	9.3	8.8	8.4	5.7	6.1	2.2	2.2
Six	7.2	8.0	8.4	7.0	5.8	1.9	2.2
Seven	6.1	6.7	7.6	8.1	6.6	2.0	2.4
Eight	4.9	5.3	7.0	9.8	6.6	2.6	2.5
Nine	4.2	5.3	7.0	8.4	6.3	2.4	2.7
Ten or More	12.2	18.3	23.9	37.9	45.3	77.9	76.8

Demographic data are from Demographic Power Pack, Current Year Update (2000), MapInfo Corporation. Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report. Figures may not add to 100% due to rounding.

Table 17
Percentage of Zip Codes with Competitive Local Exchange Carriers as of December 31, 2005

State	Number of CLECs								
	Zero	One - Three	Four	Five	Six	Seven	Eight	Nine	Ten or More
Alabama	8 %	27 %	5 %	5 %	5 %	6 %	4 %	4 %	36 %
Alaska	81	19	0	0	0	0	0	0	0
Arizona	13	24	6	3	4	3	4	3	42
Arkansas	27	45	6	5	3	1	1	2	10
California	7	16	4	4	3	3	2	2	59
Colorado	25	23	4	4	3	3	2	3	31
Connecticut	7	29	10	8	10	10	4	6	16
Delaware	2	2	0	10	0	3	2	7	74
District of Columbia	0	12	0	0	0	0	0	0	88
Florida	2	6	2	1	3	2	2	2	79
Georgia	9	22	4	4	4	3	3	2	50
Hawaii	14	58	10	16	2	0	0	0	0
Idaho	39	36	7	4	3	2	4	2	3
Illinois	24	32	3	2	2	3	2	1	31
Indiana	11	29	7	5	5	3	4	2	33
Iowa	37	50	2	1	2	2	2	1	2
Kansas	35	27	3	6	3	3	4	2	16
Kentucky	14	30	8	6	6	5	4	2	24
Louisiana	6	23	4	5	5	4	3	4	46
Maine	9	45	10	8	6	6	3	4	10
Maryland	0	7	5	3	5	5	6	3	65
Massachusetts	1	6	2	2	2	4	3	3	77
Michigan	7	21	5	5	5	5	5	3	44
Minnesota	30	37	4	3	2	3	3	2	16
Mississippi	0	13	5	8	8	8	6	7	45
Missouri	37	27	4	4	2	2	1	2	19
Montana	64	27	3	2	1	1	1	1	1
Nebraska	64	21	4	2	2	1	2	1	3
Nevada	24	20	4	5	4	7	4	6	26
New Hampshire	1	20	10	10	7	7	6	6	33
New Jersey	0	2	1	2	1	1	2	1	89
New Mexico	41	35	4	5	2	3	4	4	2
New York	4	13	4	4	4	4	3	4	60
North Carolina	6	25	7	6	5	5	5	4	36
North Dakota	73	22	1	1	1	0	0	1	1
Ohio	4	27	7	6	6	6	5	4	37
Oklahoma	36	21	4	4	3	2	3	2	27
Oregon	23	31	4	4	5	2	2	3	26
Pennsylvania	9	28	5	4	4	3	3	3	41
Puerto Rico	66	34	0	0	0	0	0	0	0
Rhode Island	0	12	4	4	5	4	7	11	53
South Carolina	12	17	6	5	4	5	4	4	43
South Dakota	58	34	2	1	2	2	0	0	1
Tennessee	14	17	4	5	3	3	4	4	47
Texas	15	21	4	3	2	3	2	2	48
Utah	27	24	4	6	3	3	1	3	29
Vermont	16	46	10	10	4	4	4	4	2
Virginia	8	32	8	6	6	4	4	3	30
Washington	20	27	4	4	3	3	2	2	35
West Virginia	19	45	10	8	4	3	4	2	4
Wisconsin	29	33	6	3	2	2	2	2	22
Wyoming	43	41	4	1	4	4	4	1	0
Nationwide	18 %	25 %	5 %	4 %	4 %	3 %	3 %	3 %	35 %

Table 18
CLEC-Owned End-User Switched Access Lines Served by Reporting Competitive Local Exchange Carriers
(In Thousands)

State	2000		2001		2002		2003		2004		2005	
	Dec	Jun	Dec									
Alabama	39	40	18	6	50	68	76	76	89	70	72	
Alaska	*	*	*	*	*	*	*	*	*	*	*	
American Samoa	0	0	0	0	0	0	0	0	0	0	0	
Arizona	50	132	164	194	211	279	351	409	440	511	645	
Arkansas	*	*	*	*	49	*	46	46	46	68	68	
California	674	762	910	890	891	888	1,025	1,042	1,050	1,204	1,280	
Colorado	117	151	172	183	207	200	163	155	155	161	273	
Connecticut	73	78	91	97	105	104	104	111	122	136	113	
Delaware	*	0	0	*	*	*	*	*	*	*	3	
District of Columbia	52	70	80	74	67	69	71	72	81	110	61	
Florida	319	372	260	302	344	309	331	364	418	241	401	
Georgia	191	184	167	161	197	192	180	182	254	201	139	
Guam	0	0	0	0	0	0	0	0	0	0	0	
Hawaii	0	*	*	*	*	*	*	*	*	15	25	
Idaho	*	*	*	*	*	*	*	*	*	12	24	
Illinois	325	416	467	477	446	403	392	400	488	474	407	
Indiana	70	59	76	76	72	69	79	91	92	94	90	
Iowa	25	21	33	34	37	40	38	40	42	59	61	
Kansas	11	18	25	26	46	56	64	76	102	135	133	
Kentucky	42	*	*	*	50	28	79	83	91	95	34	
Louisiana	15	24	21	24	38	53	77	93	100	160	155	
Maine	*	*	*	*	*	2	2	20	27	47	52	
Maryland	65	83	30	30	24	28	94	116	155	78	60	
Massachusetts	229	277	317	310	366	363	375	390	420	428	394	
Michigan	218	113	113	121	104	85	108	106	160	235	102	
Minnesota	59	61	80	114	153	163	167	169	182	203	242	
Mississippi	19	11	6	*	*	3	4	5	8	19	18	
Missouri	75	51	37	50	70	54	50	55	89	129	137	
Montana	*	*	*	*	*	13	14	15	16	20	30	
Nebraska	*	*	91	103	115	125	130	135	142	168	181	
Nevada	*	37	*	*	35	28	33	30	32	35	38	
New Hampshire	25	29	43	45	59	60	63	65	76	84	80	
New Jersey	120	95	71	88	88	89	92	105	156	144	177	
New Mexico	*	*	*	*	*	*	*	15	15	15	11	
New York	546	579	682	608	432	402	374	418	449	591	879	
North Carolina	88	111	70	75	77	96	74	101	156	187	238	
North Dakota	*	*	*	*	*	*	6	8	8	12	16	
Northern Mariana Isl.	0	0	0	0	0	0	0	0	0	0	0	
Ohio	132	135	144	153	83	69	85	108	137	233	442	
Oklahoma	71	77	89	115	114	111	174	138	178	188	205	
Oregon	48	60	31	36	45	39	38	35	41	42	63	
Pennsylvania	386	458	512	553	538	494	554	573	654	531	645	
Puerto Rico	*	*	*	*	*	*	*	*	*	*	*	
Rhode Island	*	45	62	76	90	100	116	131	151	171	*	
South Carolina	49	26	7	7	20	25	25	28	38	56	73	
South Dakota	*	*	*	*	*	26	35	*	*	25	79	
Tennessee	109	117	92	56	103	95	90	94	124	84	146	
Texas	367	418	414	406	426	430	436	462	590	659	677	
Utah	73	77	72	80	91	80	73	68	76	62	86	
Vermont	*	*	*	*	*	*	*	*	*	19	11	
Virgin Islands	0	0	0	0	0	0	0	0	0	*	*	
Virginia	132	179	203	221	275	285	438	492	494	373	430	
Washington	97	115	156	161	178	155	144	149	147	157	178	
West Virginia	*	*	*	*	*	*	*	*	6	9	10	
Wisconsin	50	54	51	56	46	45	47	58	37	286	139	
Wyoming	*	*	*	*	*	*	*	*	*	2	9	
Total	5,217	5,776	6,072	6,236	6,479	6,370	7,045	7,483	8,503	9,124	10,100	

* Data withheld to maintain firm confidentiality. Some data have been revised.

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report.

Table 19
UNEs Acquired from Other Carriers
(In Thousands)

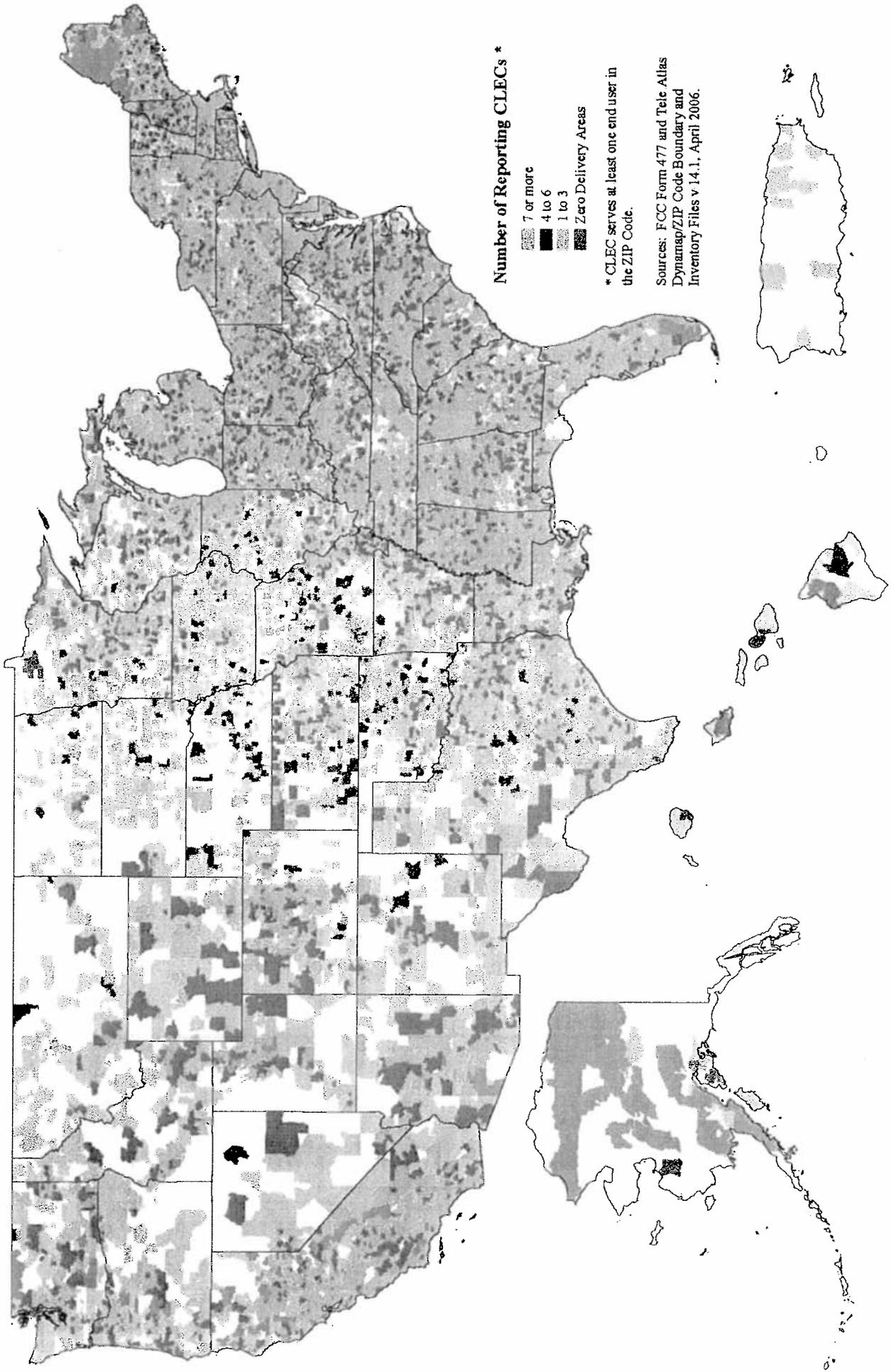
State	1999	2000		2001		2002		2003		2004		2005	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Alabama	59	31	46	52	*	89	140	173	137	207	201	215	189
Alaska	*	*	*	*	*	*	*	*	*	*	*	*	*
American Samoa	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	6	16	19	54	68	80	78	123	234	268	228	171	159
Arkansas	*	*	*	*	*	*	94	*	*	110	98	100	77
California	164	240	309	575	603	746	1,281	1,555	1,852	2,148	2,245	1,999	1,160
Colorado	14	22	99	140	148	161	154	187	222	234	199	243	222
Connecticut	*	*	*	*	7	18	42	47	68	93	101	110	90
Delaware	*	*	*	0	0	*	*	47	34	52	52	101	74
District of Columbia	*	*	13	34	10	42	47	60	63	82	62	74	62
Florida	186	113	186	252	377	482	849	852	871	1,020	1,037	929	866
Georgia	90	92	182	202	326	418	455	536	555	642	566	558	489
Guam	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	*	*	0	*	*	*	*	*	*	*	*	4	5
Idaho	0	0	*	*	*	*	*	*	*	26	25	51	38
Illinois	76	163	219	435	568	734	933	1,024	1,119	1,121	1,016	955	1,155
Indiana	16	31	56	66	79	122	158	228	326	357	328	332	228
Iowa	*	*	136	*	140	138	144	137	135	144	138	114	105
Kansas	*	21	33	43	103	132	190	206	201	215	208	202	151
Kentucky	*	*	*	*	*	*	26	51	66	112	103	135	118
Louisiana	46	14	22	52	42	46	94	120	110	156	170	219	161
Maine	*	*	*	*	*	*	*	*	46	63	68	84	67
Maryland	7	11	29	50	58	119	174	264	362	390	431	514	336
Massachusetts	8	14	49	88	117	102	161	260	391	416	429	460	340
Michigan	63	107	65	240	628	986	1,154	1,208	1,360	1,388	1,310	1,163	915
Minnesota	63	71	159	219	223	242	308	260	293	310	295	306	348
Mississippi	*	*	14	15	16	18	61	82	72	98	80	118	97
Missouri	30	30	37	61	110	157	204	217	240	322	260	282	208
Montana	*	*	*	*	*	*	*	4	*	*	5	16	15
Nebraska	*	*	*	*	29	30	33	37	41	43	41	21	*
Nevada	*	*	*	107	*	*	92	76	87	66	65	122	114
New Hampshire	*	*	2	12	14	23	46	57	63	81	83	97	80
New Jersey	24	25	51	82	93	110	415	682	925	987	997	1,015	499
New Mexico	*	*	*	*	*	*	*	*	*	47	47	30	23
New York	331	1,114	1,607	1,929	2,084	2,044	2,147	2,366	2,652	2,554	2,495	2,455	1,482
North Carolina	47	29	70	97	118	140	191	228	246	334	315	249	301
North Dakota	*	*	*	*	*	*	*	*	17	*	12	43	45
Northern Mariana Isl.	0	0	0	0	0	0	0	0	0	0	0	0	0
Ohio	72	67	101	103	121	278	469	584	736	759	662	652	449
Oklahoma	*	*	10	27	30	45	72	82	69	81	84	113	110
Oregon	1	3	11	31	75	75	99	93	166	191	219	164	224
Pennsylvania	92	130	292	494	516	589	612	666	776	899	907	1,100	877
Puerto Rico	0	*	*	*	*	*	*	*	*	*	*	*	*
Rhode Island	*	*	*	13	26	19	44	54	59	71	66	72	53
South Carolina	*	*	25	49	*	66	98	127	114	133	151	179	169
South Dakota	*	*	*	*	*	*	*	20	29	*	*	71	29
Tennessee	49	60	73	115	128	130	153	180	216	316	261	286	253
Texas	215	437	1,101	1,186	1,440	1,542	1,468	1,548	1,546	1,596	1,387	1,376	1,001
Utah	*	22	34	46	48	39	49	79	97	141	131	157	122
Vermont	*	*	*	*	*	*	*	*	*	*	*	30	25
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	*	*
Virginia	37	46	81	146	272	244	288	377	354	415	421	558	395
Washington	21	25	46	59	94	114	118	118	183	256	240	259	249
West Virginia	*	*	*	*	*	*	*	*	*	*	89	94	76
Wisconsin	55	82	108	160	209	273	352	420	499	515	506	308	430
Wyoming	*	*	*	*	*	*	*	*	*	*	*	26	22
Total	1,959	3,201	5,540	7,580	9,332	10,930	13,709	15,728	17,888	19,624	18,961	19,014	14,836

* Data withheld to maintain firm confidentiality. Some data have been revised.

Only LECs with at least 10,000 lines in a state were required to report through December 2004. Beginning with the June 2005 data all LECs are required to report.

Reporting CLECs by 5-Digit Geographical ZIP Code

(As of December 31, 2005)



Customer Response

Publication: *Local Telephone Competition: Status as of December 31, 2005*

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

1. Please check the category that best describes you:

- press
- current telecommunications carrier
- potential telecommunications carrier
- business customer evaluating vendors/service options
- consultant, law firm, lobbyist
- other business customer
- academic/student
- residential customer
- FCC employee
- other federal government employee
- state or local government employee
- Other (please specify) _____

2.	Please rate the report:	Excellent	Good	Satisfactory	Poor	No opinion
	Data accuracy	<input type="radio"/>				
	Data presentation	<input type="radio"/>				
	Timeliness of data	<input type="radio"/>				
	Completeness of data	<input type="radio"/>				
	Text clarity	<input type="radio"/>				
	Completeness of text	<input type="radio"/>				

3.	Overall, how do you rate this report?	Excellent	Good	Satisfactory	Poor	No opinion
		<input type="radio"/>				

4. How can this report be improved?

5. May we contact you to discuss possible improvements?

Name:

Telephone #:

To discuss the information in this report, contact: 202-418-0940 or for users of TTY equipment, call 202-418-0484		
Fax this response to	or	Mail this response to
202-418-0520		FCC/WCB/IATD Mail Stop 1600 F Washington, DC 20554