List of Participants in the Telecommunications Industries Analytics Project, 1994

Sources for Presentation, cont.
Background on the Telecommunications Industries Analysis Project

Informed Policy Debates:
The goal of the Telecommunications Industries Analysis Project is to provide information to support the development of alternative telecommunications policies to meet the needs of stakeholders in an environment that includes competitive and non-competitive markets, federal and state regulatory jurisdictions, and a proliferation of new services made possible by technological advances. The purpose of the project is to produce research and analysis which will assist policy makers in making informed decisions.

Broad Representation on Project:
The project is a neutral forum of communications industry stakeholders exploring multiple viewpoints of selected issues. The current forum includes local exchange carriers (LECs), interexchange carriers (IXCs), equipment manufacturers, and federal and state regulators. In the next phase, this forum would be expanded to include other communications industry representatives, such as competitive access providers, cable television companies, computer companies, or publishers.

Development of Alternative Policies:
The forum has developed a database and computer software models to analyze issues. The existence of a database and computer software models may not resolve differences of what the data or the results of the modeling process mean. It does, however, allow one to concentrate on underlying issues rather than on data sources by providing a common language. All data, analysis methods, and results are public.
New Alliances, Traditional Industries
Mismatch between Government Policies and Industry Structures
Who Decides What in Communications Policy?


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Potential Impact of Deaveraging 1991 Urban and Rural Annual Customer Payments Per Line

Urban

Rural

Nationwide

$77

$316

$300

RE

Potential Alternative: Deaverage and Target Support to Preserve 1991 Rural Service Penetration

Averaging and Other Rural Supports to be Paid by Rural Customers = $8.0 billion

Potential Targeted Support to Customers = $0.7 billion (7.8% of Current Support)


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Potential Alternative: Fund Rural Support from Traditional and Non-Traditional Communications Industries

![Pie chart showing traditional and CATV sectors](chart.png)

Legend:
- LEC: Local Exchange Carrier
- IXC: Interexchange Carrier
- CATV: Cable Television
- CAP: Competitive Access Provider

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Modeling a Fiber Optic Infrastructure Deployment:
Cost per Line per Month of Broadband Capable Lines — 100% Capable and 0% Equipped

![Graph showing deployment schedule](graph.png)

Benchmark: $54.72
1992 National Average Telephone Revenue

'Derived from total Tier 1 LEC operating revenues (including basic service, state toll, and access).
Note: This cost per line is based on a specific architecture and deployment schedule. Other technologies, policy changes, and deployment schedules will result in a higher or lower cost per line.
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100% Capable and 100% Equipped

Cost per Line per Month of Broadband Capable Lines —

Modeling Full Deployment of Broadband Services:
Cumulative Investments for Three 20-Year Deployment Scenarios

Dollars in Billions: 20-Year Scenarios:

- $440 At current spending levels for additions to facilities.
- $420 Equipping all customers with broadband services.
- $230 Providing a fiber optic infrastructure.

The $230 billion is the estimated cost for the entire network — including loop, switching, and interoffice transport for both business and residential. The components of the $230 billion are as follows:

<table>
<thead>
<tr>
<th>Investment Categories</th>
<th>Amount (billions)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop Electronics</td>
<td>$75</td>
<td>33%</td>
</tr>
<tr>
<td>Cable and Wire</td>
<td>$126</td>
<td>54%</td>
</tr>
<tr>
<td>Circuit Equipment</td>
<td>$27</td>
<td>12%</td>
</tr>
<tr>
<td>Digital Switching</td>
<td>$2</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>$230</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Beyond Future Shock, pages 29 and 42.

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1992 Interactive Multi-Media Revenue Sources

Additional Revenue Sources to Fund Deployment

Potential Alternative: