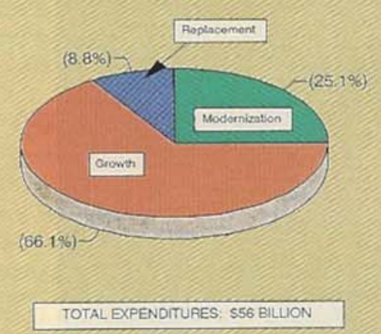
FIGURE 1

CONSTRUCTION EXPENDITURES (All BOCs 1991-94)



years, despite the compounded growth of telephone services.

▸ Growth rates

For customer access lines and interoffice working circuits, the RBOCs project continuation of the 3% compound annual growth rate (CAGR)—which they've experienced for the last 12 years—through 1994. Compounding that growth on a larger and larger base would force higher and higher capital expenditures if it weren't for the lower costs and higher productivity rates associated with newer technologies *(Table 1)*.

- There will be 40 fewer central offices (COs) among the RBOC networks in 1994.
- Remote switching in the local loop, increased use of fiber and a plethora of subscriber carrier equipment will take over traffic from decommissioned offices.
- Fiber-equipped loop channels will take up 3.3% of the network, at a CAGR of 32.2%.
- Remote switching and IDLCs, although not identified as items in the RBOC data, are implied in SS7 growth from about one-third of all access lines in 1990 to 73.1% in 1994.
- The combination of fiber and SS7 will experience a combined CAGR of more than 25%, and will account for nearly 90% of access lines by 1994. SS7 will be available in only about half of all

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FIGURE 2

CO PRODUCTIVITY (BOCs)

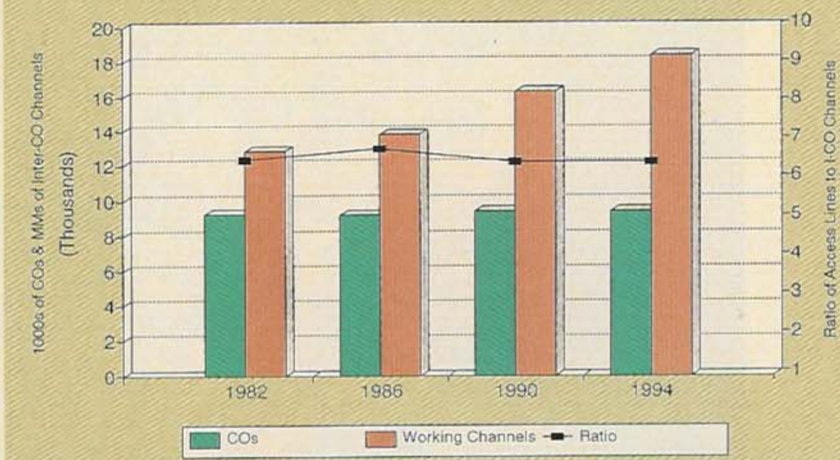

FIGURE 3

CO TECHNOLOGY (BOCs)

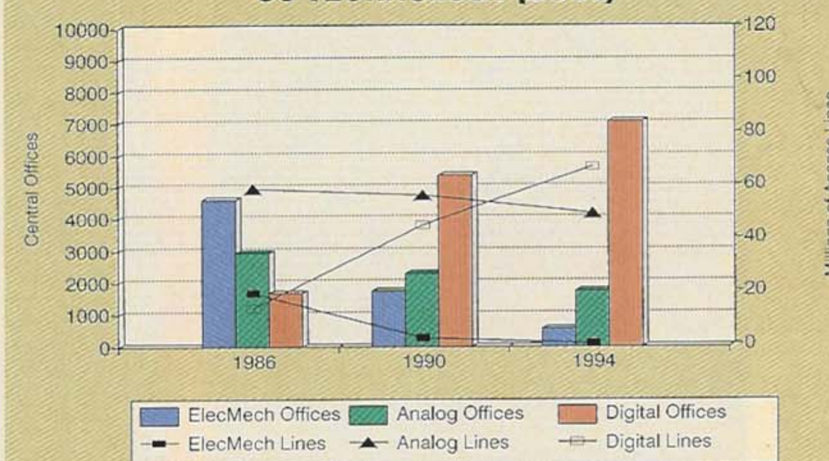

FIGURE 4

LOCAL LOOP EQUIPPED CHANNELS (BOCs)