

New Jersey Price Squeeze (by zone)

	<u>State</u>	<u>Cell 1</u>	<u>Cell 2</u>	<u>Cell 3</u>
Households (000)	2,895	839	1,129	926
Density	100%	29%	39%	32%
Local Revenue (1)	\$18.43	\$18.78	\$18.54	\$17.99
Access Revenue	<u>\$5.79</u>	<u>\$5.79</u>	<u>\$5.79</u>	<u>\$5.79</u>
Total Revenue	\$24.21	\$24.57	\$24.33	\$23.78
Switch Port	\$0.73	\$0.73	\$0.73	\$0.73
Loop	\$9.59	\$8.12	\$9.59	\$10.92
Switching & Transport	\$7.83	\$7.83	\$7.83	\$7.83
DUF Charge	<u>\$0.44</u>	<u>\$0.44</u>	<u>\$0.44</u>	<u>\$0.44</u>
Total Telco (2)	\$18.59	\$17.13	\$18.60	\$19.93
Gross Margin	\$5.62	\$7.44	\$5.73	\$3.85

1 Includes line fee, 1 feature (Call Waiting @ \$4.59) , and SLC.

2 Does not include NRC of \$2.32.

Note: Analysis does not include MCI or other CLEC internal costs (e.g., billing, customer service, sales/acquisition, bad debt)