

CTC's line installation service, which includes principally the sale of rights to and the connection of telephone lines for subscribers, accounted for 11.4% of CTC's total operating revenues for 1991. The current tariff structure eliminates after 1993 the Company's ability to charge a subscriber for the right to have a telephone line installed and thereafter, CTC will only be permitted to charge a price for installation of telephone lines based on actual costs. Such charges represented in 1989 and 1990 approximately 75% and 46% respectively, of the revenues derived from the line installation service but represented only approximately 24% in 1991. The contribution of this service to CTC's operating revenues will continue to decline until its final elimination in January 1993.

The following table provides information on the sale and connection of lines during the period January 1st, 1987 through December 31st, 1991.

Sale and Connection of Telephone Lines

	1987	1988	1989	1990	1991
Number of lines sold	23,076	61,826	141,900	138,933	160,528
Number of lines connected	23,698	46,158	73,270	177,310	190,615

Since 1988, increasing demand for local telephone service has resulted in a delay between the time of selling the line and the time of its effective connection. At December 31, 1991, in addition to the 240,559 pending applications to the Company for telephone service, there were 34,694 lines which had been paid for but not yet connected. In accordance with the contract form signed between CTC and subscribers concerning the advance sale of telephone lines, the Company has up to 12 months to place the line in service. In the event that CTC cannot deliver the line within the specified period, the subscriber is entitled to compensation equivalent to one month of "fixed monthly subscriber's fee" charges for each month that the Company delays in placing the line in service. The compensation is credited to the subscriber's account and paid through usage once the line is effectively connected.