BASIC TELEPHONE SERVICE

During 1994 the basic telephone service continued to develop both in terms of the number of installations and the standards of the services available to our clients. This led to an overall improvement in Telefónica's services, especially in crucial aspects such as the reduction of waiting time, and the achievement of greater service density and better quality indicators.

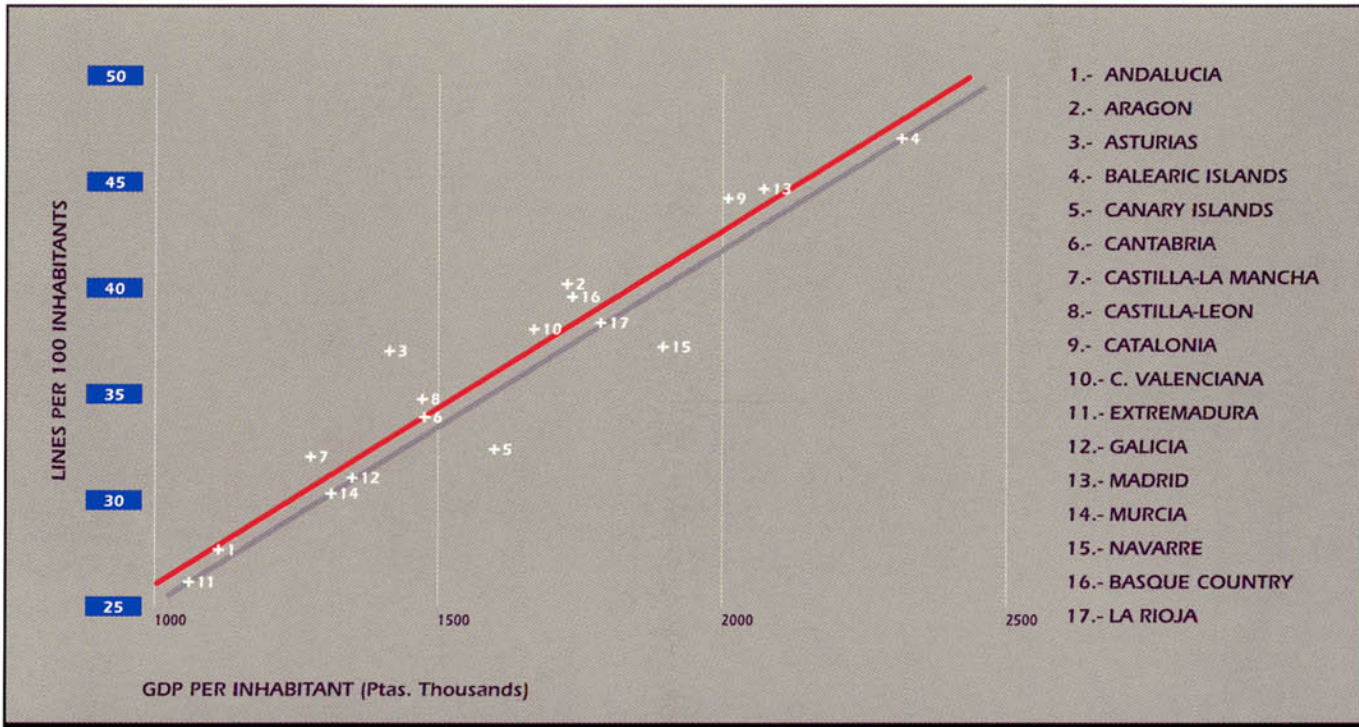
New investments and improved management procedures reduced the average waiting time for the installation of a new line from **8 days** in 1993 to **5.1 days** in 1994, which means that requests are now attended to practically on demand.

In 1994 there were **1,221,687** telephone line applications, **7.5%** more than the previous year. During the year telephone usage returned to positive figures, with an average growth of **1.2%** per line.

At year-end, the Basic Telephone Network had **14,685,406** local lines in service, with an annual growth of **3%**, and **146,419** lines carried by cellular access technology.

With this plant, the Basic Telephone Service density stood at **37.5** local lines per 100 inhabitants in December 1994.

To these figures should be added the **656,700** Ibercom advanced telephony lines in service.



Basic Telephony Density
GDP per inhabitant 1993
Source: Telefónica, INE, FIES

Thanks to the continuing development of the basic telephone service waiting time was reduced and quality indicators were up.
In the photograph, a Network maintenance work group.

DEVELOPMENT AND MODERNIZATION OF THE BASIC NETWORK

In 1994 **1,066,694** local lines were installed, practically all of which had digital technology. Of these, **216,379** were installed in response to demand, **835,327** substituted analog lines, and **14,988** were used to bring the service to new local zones. These installations enabled us to reach a digitization level of **47.8%**.

As part of this modernization process, the existing analog plant was brought up to date, thus widening the tariff levels for new Intelligent Network Services and Ibertex. And the majority of the digital exchanges had the new VPR (Virtual Private Network) categories introduced.

The coming into service of four new digital transit exchanges, with **47,880** trunk lines, enabled us to reach a historic landmark in the total digitization of the Interprovincial Transit Network, with the last ten secondary analog exchanges going out of service.

At year-end 1994 **28** provinces had the necessary structure for ISDN, due to the increase in the number of trunk lines in service in the Transit Network which use Common Channel nº 7 Signalling. These installations meant that **70** exchanges in the Domestic Network were ready to carry ISDN traffic.

In the area of the Domestic Network we achieved the total diversification of Ibermic Network circuits, Mobile Networks, and Basic Telephony final routes. Taken together, the digitization level in trunk lines stood at **91.1%**.

As regards Transmission, testing and development of the specifications for the forthcoming installation of Synchronous Digital Hierarchy (SDH) equipment continued.

The fibre optics cable Domestic Network also continued to expand, with **1,373** Km. being installed in the Transit Network.

As part of the strategy of bringing fibre optics to the customer (Fotón Plan), fibre optics trunk networks were installed in 200 exchange areas in 36 towns and villages in thirteen provinces.

For these networks **1,816** Km. of fibre optics cable was laid for **33,500** blocks, with a density of over 90%.

SERVICE EXPANSION IN THE RURAL COMMUNITY

In 1994 Telefónica and the Local Authorities continued to collaborate to enable total coverage of the basic telephone service in rural areas to be a reality in the near future. It should be remembered that Telefónica has committed itself to the complete universalization of the telephone service by 1996, guaranteeing all citizens access under equal price and quality conditions, irrespective of their place of residence.

The fact that both mobile cellular and conventional technology were available enabled us to reach **112,601** new connections through Service Expansion during the year, **77,395** of which used TRAC technology. This brought the accumulated results of the Operational Plan for Service Expansion in the Rural Communityat year-end 1994 to **250,054** connections, of which **142,385** were through TRAC and the other **107,669** by conventional means. By the end of the year the Plan had achieved its aims in the Autonomous Regions of Galicia and Castilla-La Mancha, where all new telephone line applications are now considered local.

In 1994 the historic landmark of the total digitization of the Transit Network was reached.

TELEPHONE SERVICE QUALITY

Improvements to Plant carried out during the year contributed to the achievement of quality indicators superior to those of the previous year. In December 1994 the efficiency rates for the different types of call were as follows:

Local: 99.78%
Provincial:.....99.51%
Domestic:.....99.40%
International:.....98.68%

Similarly, there was a noticeable improvement in the area of repairs, with a fall in the number of calls per 100 lines and month to an annual average of **1.74**.

Repairs were also carried out more quickly, and this enabled us to reduce the average duration of service fault to **10.04** hours, compared with 12.6 hours the year before.

In 1994 the Spanish Standardization Association (AENOR) certified Telefónica's Quality System in six provinces according to UNE standard 66-901-89, which is equivalent to international standard ISO 9001.

This began a process which will continue in 1995 in all the provinces. This certification fits into the framework of the Company Total Quality Project set up by Telefónica in 1992, to which the whole organization is committed.

The number of quality improvement teams rose to **759**, with **4,000** employees taking part.

The aim of the Project is to foster a new management style which will put the client at the centre of all decisions.

ITEMIZED BILL SERVICE

The process of providing clients with free itemized bills which had begun the previous year continued in 1994.

At year-end the number of lines for which itemized bills were available had risen to **7,969,053**.

As is known, Telefónica has undertaken to provide this facility for all its clients by 1997.

OPERATION AND INFORMATION SERVICES

In 1994 these Services continued to improve customer service quality.

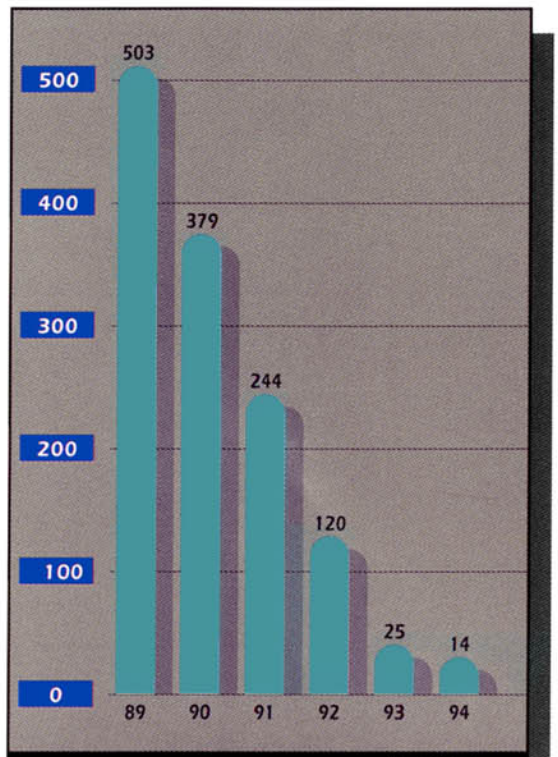
We were able to achieve an appreciable reduction in the average answering time for calls attended to during the year, with the Technical Assistance Service (002) standing at 4 seconds, and the Information Service (003) at 6.9.

The other 09X Information Services also continued to make good progress in customer service.

As for technical innovations carried out during the year, it is worth mentioning the introduction nationwide of the Automatic Audible Reply System (SARA) and the System's recordings in Catalan and Spanish for Catalonia.

SUPPLEMENTARY TELEPHONE SERVICES

During 1994 Selective Call Diversion, Call Waiting and Conference Calls maintained their popularity. At year-end **1,320,048** services were contracted, a net annual increase of **36,741**.



Basic Telephony Waiting List Thousands

INTELLIGENT NETWORK SERVICES

At year-end 1994 the Intelligent Network reached **4,634** numbers in service, an annual increase of **7.6%**. Flexible Billing Services (Line 900, 901 and 902) continued to stand out for their popularity, representing more than **86%** of the total.

During the year these Services registered **104.3** million calls.

INTEGRATED SERVICES DIGITAL NETWORK

The incorporation in 1994 of **211** new service areas brought the ISDN's available capacity to **26,636** Basic Accesses and **2,009** Primary Accesses, with coverage now reaching **70%** of the Spanish provinces. In 1994 tariffs were reduced, and this together with a fall in equipment and terminal prices, brought the products and prices on offer into line with market conditions.

VIRTUAL PRIVATE NETWORKS

1994 saw the completion of the infrastructure for the Virtual Private Network Service for voice communication and circuit switching based on the Intelligent Network. This Service offers clients all the facilities of a private network, even though they are based on the public network. Among the facilities available are the Private Numbering Plan, the Personalized Billing Plan and Client Management. The Service can be accessed through the Basic Telephone Network, the ISDN or the Ibercom Service.

BUSINESS NETWORKS

At year-end the Service reached **20** corporate clients with a total of **50,000** lines contracted.

The Service offers a high-quality global response, providing packet and circuit switching communications within a Virtual Private Network framework for the treatment of all types of information: Voice, Data, Text, Image and Multimedia.

LEASED CIRCUITS

In 1994 there was a shift in demand from analog to digital circuits. Overall, high-speed circuits saw a growth of **25.4%** over the previous year, while low-speed circuits fell by **19.8%**. As for tariffs, there was a **28%** reduction for circuits tariffed by distance.

Digital exchange aerial at Albéniz (Madrid)

By 1994 year-end the Integrated Services Digital Network covered 70% of the Spanish Provinces, with 26,636 basic and 2,009 primary accesses.

BASIC TELEPHONE SERVICE IN THE SPANISH PROVINCES (AT 31.12.94)

	Lines in service	Population (nº inhab.)	Extension (Km²)	Density (Inhab./Km.²)	Lines per 100 inhab.	Lines per Km²
ALAVA	109,393	274,523	3,047	90.10	39.85	35,90
ALBACETE	105,655	344,047	14,862	23.15	30.71	7,11
ALICANTE	522,530	1,316,693	5,863	224.58	39.69	89,12
ALMERIA	137,956	462,283	8,774	52.69	29.84	15,72
ASTURIAS	410,212	1,090,257	10,565	103.20	37.63	38,83
AVILA	66,971	172,738	8,048	21.46	38.77	8,32
BADAJOZ	170,272	651,186	21,657	30.07	26.15	7,86
BALEARIC ISLANDS	346,119	719,154	5,014	143.43	48.13	69,03
BARCELONA	2,116,070	4,684,346	7,733	605.76	45.17	273,64
BURGOS	133,491	352,179	14,309	24.61	37.90	9,33
CACERES	119,023	411,304	19,945	20.62	28.94	5,97
CADIZ	304,281	1,178,812	7,385	159.62	25.81	41,20
CANTABRIA	185,718	529,431	5,289	100.10	35.08	35,11
CASTELLON	181,138	450,101	6,679	67.39	40.24	27,12
CIUDAD REAL	142,886	476,320	19,749	24.12	30.00	7,24
CORDOBA	205,988	761,806	13,718	55.53	27.04	15,02
LA CORUÑA	371,275	1,096,378	7,876	139.20	33.86	47,14
CUENCA	67,485	203,928	17,061	11.95	33.09	3,96
GERONA	252,431	516,411	5,886	87.74	48.88	42,89
GRANADA	238,227	798,155	12,531	63.69	29.85	19,01
GUADALAJARA	66,016	145,682	12,190	11.95	45.32	5,42
GUIPUZCOA	273,514	676,224	1,997	338.62	40.45	136,96
HUELVA	117,678	448,090	10,085	44.43	26.26	11,6
HUESCA	83,350	207,522	15,613	13.29	40.16	5,34
JAEN	164,581	640,862	13,498	47.48	25.68	12,19
LEON	179,664	525,433	15,468	33.97	34.19	11,62
LERIDA	141,191	354,327	12,028	29.46	39.85	11,74
LUGO	120,870	379,205	9,803	38.68	31.87	12,33

BASIC TELEPHONE SERVICE IN THE SPANISH PROVINCES (AT 31.12.94)

	Lines in service	Population (n° inhab.)	Extension (Km^2)	Density (Inhab./$Km.^2$)	Lines per 100 inhab.	Lines per Km^2
MADRID	2,267,430	5,016,183	7,995	627.42	45.20	283.61
MALAGA	404,823	1,241,296	7,276	170.60	32.61	55.64
MURCIA	332,272	1,062,724	11,317	93.91	31.27	29.36
NAVARRE	199,086	521,893	10,421	50.08	38.15	19.10
ORENSE	116,870	339,025	7,278	46.58	34.47	16.0
PALENCIA	62,963	184,649	8,035	22.98	34.10	7.84
LAS PALMAS	256,104	778,685	4,072	191.23	32.89	62.89
PONTEVEDRA	285,536	899,933	4,477	201.01	31.73	63.78
LA RIOJA	104,326	264,506	5,034	52.54	39.44	20.72
SALAMANCA	123,657	357,979	12,336	29.02	34.54	10.02
SEGOVIA	59,580	146,553	6,949	21.09	40.65	8.57
SEVILLE	489,370	1,649,911	14,001	117.84	29.66	34.95
SORIA	35,410	93,559	10,287	9.09	37.85	3.44
TARRAGONA	241,312	547,902	6,283	87.20	44.04	38.41
TENERIFE	248,994	733,717	3,170	231.46	33.94	78.55
TERUEL	51,323	142,316	14,785	9.63	36.06	3.47
TOLEDO	178,181	492,506	15,368	32.05	36.18	11.59
VALENCIA	831,63	2,135,533	10,763	198.41	38.94	77.27
VALLADOLID	178,530	496,566	8,202	60.54	35.95	21.77
VIZCAYA	459,846	1,153,758	2,217	520.41	39.86	207.42
ZAMORA	73,069	211,539	10,559	20.03	34.54	6.92
ZARAGOZA	351,100	842,080	17,252	48.81	41.69	20.35
TOTAL NACIONAL	**14,685,406**	**39,180,210**	**504,750**	**77.62**	**37.5**	**29.1**

Source: Population estimates based on the 1991 census; Area, Instituto Geográfico Nacional.