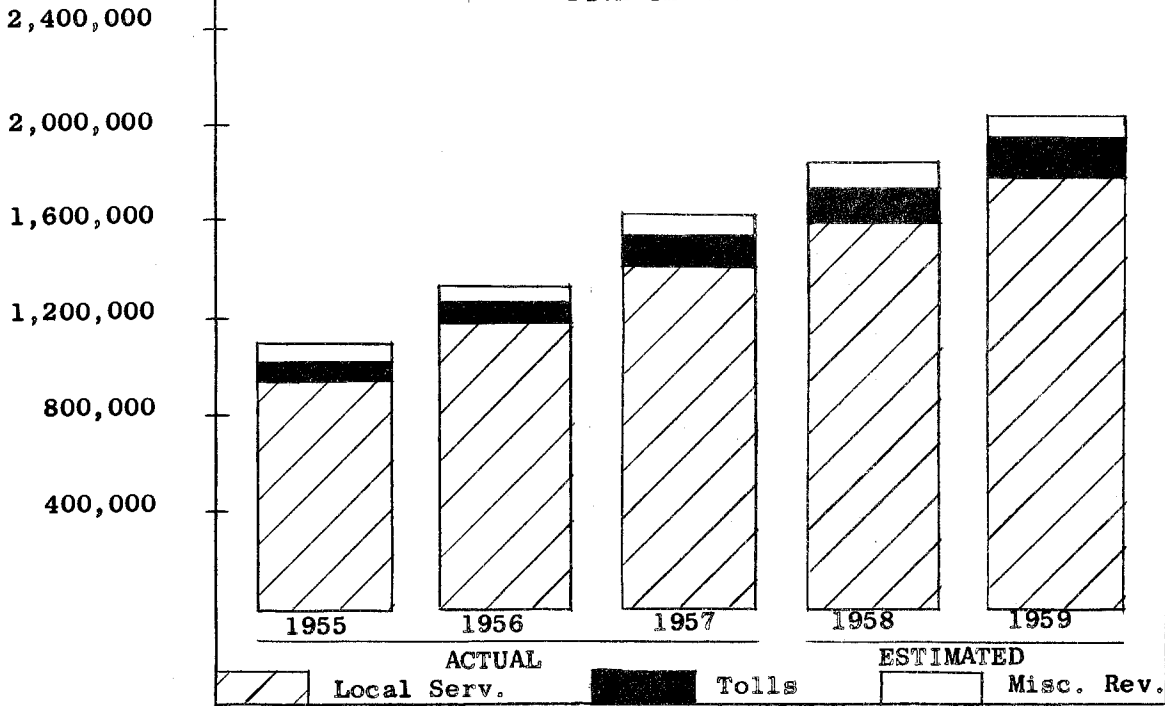


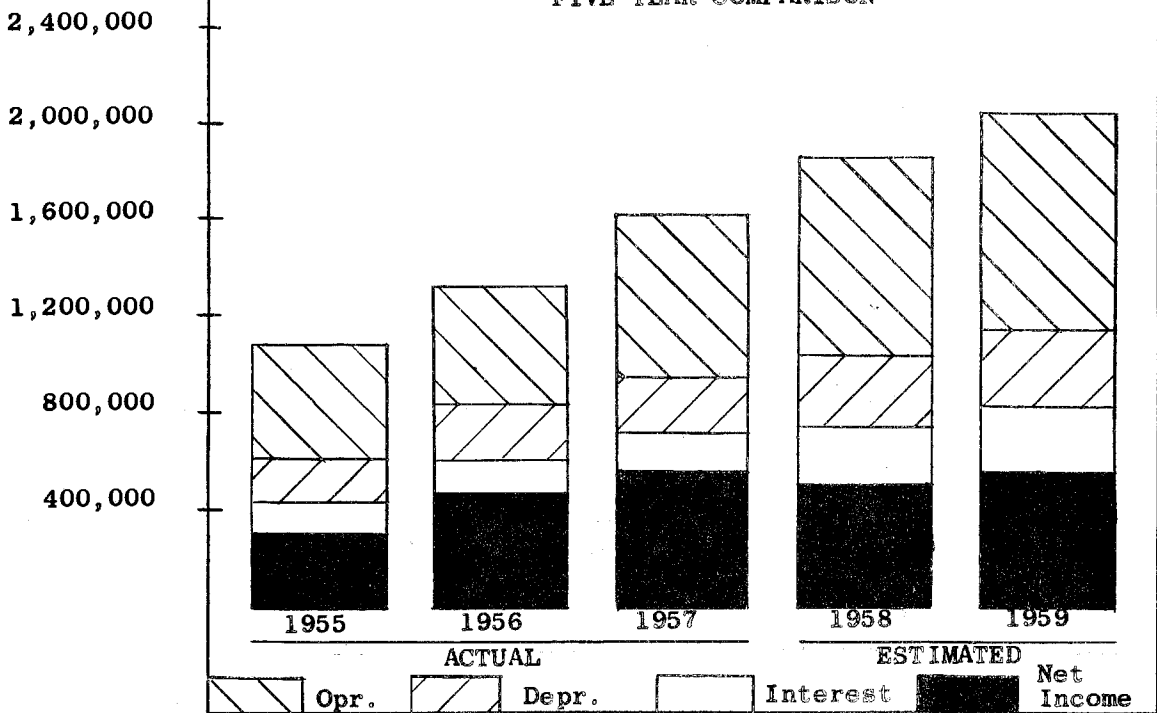
TELEPHONE UTILITY FUND BUDGET

**The City of Anchorage, Alaska
1959**

TELEPHONE UTILITY OPERATING REVENUES
FIVE YEAR COMPARISON



TELEPHONE UTILITY OPERATING REVENUE DISTRIBUTION
FIVE YEAR COMPARISON



1959 BUDGET

TELEPHONE UTILITY FUND

SUMMARY OF REVENUES

<u>Code</u>	<u>Operating Revenues</u>	<u>Estimated 1958</u>	<u>Estimated 1959</u>
T 500	Subscriber Station Revenue	\$ 1,531,052	\$ 1,701,171
T 501	Public Telephone Revenue	25,383	27,000
T 506	Other Local Service Revenue	44,181	44,500
T 510	Message Toll Revenue	131,073	152,000
T 511	Telegram Revenue	13,000	13,500
T 526	Other Operating Revenue	<u>129,382</u>	<u>91,600</u>
	Total Operating Revenue	\$ 1,874,071	\$ 2,029,771
	<u>Non-Operating Revenue</u>		
	Depreciation Reserve	\$ <u>292,884</u>	\$ <u>304,701</u>
	Total Non-Operating Revenue	\$ 292,884	\$ 304,701
	TOTAL BUDGET RESOURCES	\$ 2,166,955	\$ 2,334,472

EXPLANATION OF TELEPHONE UTILITY REVENUE ESTIMATES:

Operating Revenues:

Account T 500: The City of Anchorage, through its municipally owned and operated modern dial system, renders local telephone service to business and residence establishments situated within the City as well as to subscribers in the adjacent suburban and rural districts, all of which, together, comprise the Greater Anchorage area. Some 16,700 telephones are expected to be in service at the start of the new budget year. Anticipated station growth forecast for 1959 indicates that an additional 2,300 telephones will be gained, thus bringing the total served to 19,000

telephones, a net increase of 13.7% during the year.

Subscriber station revenues are derived principally from flat rate services and station apparatus used in the local telephone system by its subscribers. All such services and apparatus offered is comparable to that universally available throughout the industry. In addition to regular services rendered, such as individual or party line grades of business and residence classifications, subscribers in this community also have available to them, at moderate rates, such apparatus innovations as colored desk and wall telephones, loud speaking telephones, transistorized hard of hearing instruments, code call systems, paging systems, chimes, and numerous key type telephone components and features of advanced technological design.

This important revenue source accounts for 83.8 cents of each one dollar of total operating revenue resources. Based on growth forecast above described, it is anticipated that total revenues to be derived during 1959 under this individual account may reflect an increase of as high as 8.3% over the amount realized during the previous year.

Account T 501: Unattended public pay telephones installed at strategic locations throughout the exchange service area serve the local telephone communications needs of shoppers, itinerants, visitors, and occasional users not otherwise subscribing for regular service. An average of approximately 100 pay telephones are planned to be operated during the year 1959. Each instrument is equipped to accept 10 cents per local call, the currently effective legal tariff therefor.

Public pay station revenues are expected during 1959 to exceed the previous year's total by approximately 6.3%, although the average number of stations in service will be somewhat lower because of regular service saturation. The in-service average number of stations above described is expected to provide sufficient and economic saturation of the exchange area with this type service during 1959.

Account T 506: Other local service revenue is derived from flat rate local services and apparatus supplied to all subscribing departments of the City of Anchorage. The outdoor type pole-mounted telephone fire reporting system, miscellaneous control circuits used at the water chlorination plant, the City Hall dial PBX system, remote control circuits used in connection with area-wide civil defense siren network, and other regular type telephone components comprise the sum total of equipments and services currently in use. An estimated 0.7% increase in revenues under this account during 1959 is attributable to minor additions to present services which can be expected.

As has been the experience in the past, the City may continue to expect to recover from the Federal Civil Defense Administration a considerable

portion of the accumulated recurring flat rate charges for the rental of cable pairs used to remotely control the large siren warning network maintained in the Greater Anchorage area.

Account T 510: The City's portion of message toll revenues stemming from long distance traffic is reflected in this account. Under an interconnection agreement existing between the City and the Alaska Communication System, the former accounts, bills, and collects from its subscribers charges for message tolls originating paid or incoming terminating collect against City owned telephones. The City is held liable for uncollectible accounts, and does presently receive, under an interim payout settlement reached during the year 1958, adequate compensation to recover losses attributable to uncollectible accounts.

In estimating revenues to be derived during 1959 from this source, the payout schedule of the interim agreement reached during the year 1958 has been used to develop the probable level of total compensation which will accrue to the City. It is expected during the new budget year that a new type of settlement agreement proposal will be available for review and possible adoption as the basis for settlement in 1960. Estimated revenues during 1959 are expected to increase to the extent of approximately 16% over 1958 revenues.

Account T 511: Telegram revenue represents the contractual division of tolls between the City and the Alaska Communication System for all telegrams originating paid from or terminating collect at local telephone subscribers' stations. The formula used for determining the City's share of telegram tolls is far more favorable to the City than the method presently used in computing payout for message tolls inasmuch as the former is based on a flat 10% payout on the gross tolls exclusive of tax. Increasing use by telephone subscribers of telegram service is expected to result in an increase of more than 3.8% in dollar volume of business during the year 1959 over the revised budgetary estimate for the year 1958. Telegram tolls are expected to produce approximately 0.67 cents of each revenue dollar in 1959.

Account T 526: Other operating revenue is derived from miscellaneous non-recurring service charges, equipment installation fees, interest revenue received on bank deposits of telephone utility moneys, customer penalties on delinquent accounts, and other minor sources of income which because of its miscellaneous nature cannot appropriately be credited to any of the remaining operating revenue accounts.

The estimated revenue expected to be realized in this account during the new year reflects a considerable decrease below the 1958 appropriation. This condition is attributable to the fact that bond fund

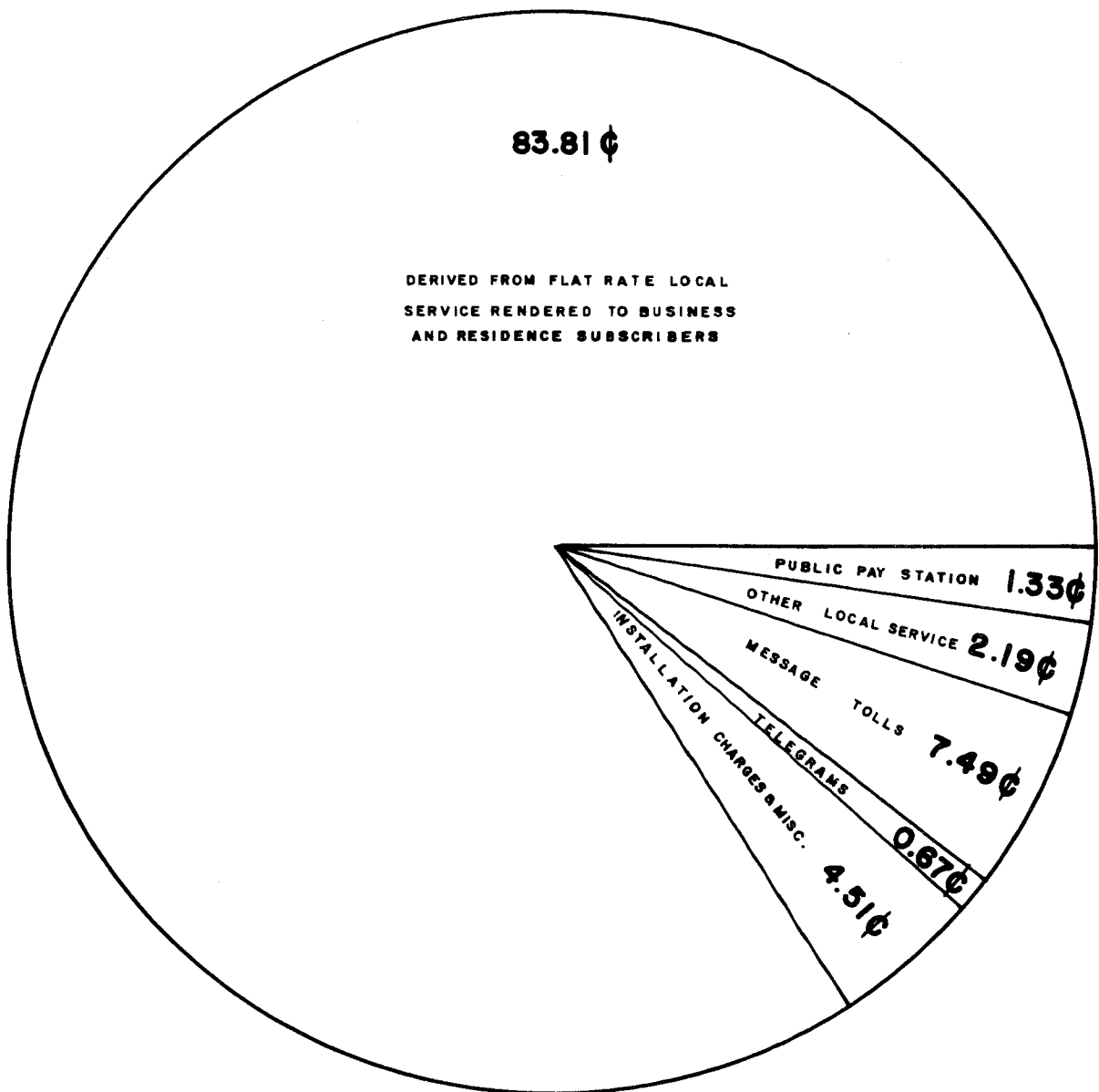
moneys for which interest was earned to a substantial extent in 1958 will not be earned in 1959 since the bulk of the bond fund moneys will have been expended on plant expansion.

Non-Operating Revenues:

Depreciation Reserve, in accordance with past policy and sound business principles, is budgeted as a non-operating revenue resource and is appropriated to the Telephone Utility plant construction account to provide for needed capital plant replacements and expansion. The estimated 1959 plant depreciation reserve represents an approximate 4% increase over the revised 1958 budgetary appropriation. Computation of this non-operating revenue resource is fully explained in the depreciation expense section of the following expenditure budget appropriation summary.

TELEPHONE UTILITY

OPERATING REVENUE DOLLAR RESOURCES 1959



1959 BUDGET

TELEPHONE UTILITY FUND

EXPENDITURE SUMMARY

<u>Expenditure Classification</u>	<u>Estimated 1958</u>	<u>Estimated 1959</u>
Maintenance Expense	\$ 316,273	\$ 337,521
Depreciation & Extraordinary Retirement Expense	292,884	319,059
Traffic Expense	106,046	112,175
Commercial Expense	60,180	62,980
General Office Salaries & Expense	145,225	149,909
Insurance & Other Operating Expense	58,280	57,915
Clearing Accounts	27,604	34,475
Total Fixed Charges	867,579	955,737
Plant Construction	<u>292,884</u>	<u>304,701</u>
 TOTAL EXPENDITURES	 \$ 2,166,955	 \$ 2,334,472

TELEPHONE UTILITY FUND BUDGET

<u>Code</u>		<u>Estimated 1958</u>	<u>Estimated 1959</u>
	<u>MAINTENANCE EXPENSE</u>		
T 602.1	Repairs of Pole Lines	\$ 9,967	\$ 10,547
T 602.2	Repairs of Aerial Cable	25,386	27,844
T 602.3	Repairs of Underground Cable	3,592	4,680
T 602.4	Repairs of Buried Cable	600	700
T 602.6	Repairs of Aerial Wire	821	700
T 602.7	Repairs of Underground Conduit	395	600
T 603	Test Desk Work	28,482	28,870
T 604	Repairs of Central Office Equipment	62,300	70,000
T 605	Repairs of Station Equipment	180,000	187,580
T 606	Repairs of Buildings & Grounds	<u>4,730</u>	<u>6,000</u>
	Total Maintenance Expense.	\$ 316,273	\$ 337,521
	<u>DEPRECIATION & EXTRAORDINARY RETIREMENT EXPENSE</u>		
T 608	Depreciation Expense	\$ 292,884	\$ 304,701
T 609	Extraordinary Retirements	<u> </u>	<u>14,358</u>
	Total Depreciation & Extra- ordinary Retirement Expense.	\$ 292,884	\$ 319,059
	<u>TRAFFIC EXPENSE</u>		
T 624	Operators' Wages	\$ <u>106,046</u>	\$ <u>112,175</u>
	Total Traffic Expense.	\$ 106,046	\$ 112,175
	<u>COMMERCIAL EXPENSE</u>		
T 645	Local Commercial Operations	\$ 48,390	\$ 56,730
T 649	Directory Expense	<u>11,790</u>	<u>6,250</u>
	Total Commercial Expense.	\$ 60,180	\$ 62,980
	<u>GENERAL OFFICE SALARIES & EXPENSES</u>		
T 661	Executive Division	\$ 18,058	\$ 9,600
T 662	Accounting and Collection	116,071	127,069
T 664	Law Division	<u>11,096</u>	<u>13,240</u>
	Total General Office Salaries and Expenses.	\$ 145,225	\$ 149,909

<u>Code</u>		<u>Estimated 1958</u>	<u>Estimated 1959</u>
	<u>INSURANCE AND OTHER OPERATING EXPENSES</u>		
T 665	Uncollectible Expense	\$ 9,000	\$ 9,000
T 668	Insurance	11,450	19,320
T 671	Operating Rents	25,230	27,970
T 675	Other Operating Expenses	12,600	16,425
T 677	Expenses Charged to Construction		<u>(14,800)</u>
	Total Insurance and Other Operating Expenses	\$ 58,280	\$ 57,915
	<u>CLEARING ACCOUNTS</u>		
T 702	Work Equipment Expense	\$ 4,000	\$ 2,500
T 704	Supply Expense	8,008	9,625
T 706	Plant Supervision Expense	8,400	9,100
T 707	House Service Expense	<u>7,196</u>	<u>13,250</u>
	Total Clearing Accounts	\$ 27,604	\$ 34,475
	<u>OTHER EXPENSES</u>		
	Payment to General Fund in Lieu of Taxes	\$ 105,866	\$ 123,012
	Contribution to General Fund	78,574	85,805
	Interest on Bonded Debt	253,139	257,920
	Bond Retirement	390,000	459,000
	Bond Redemption Reserve	<u>40,000</u>	<u>30,000</u>
	Total Fixed Charges	\$ 867,579	\$ 955,737
	<u>PLANT UNDER CONSTRUCTION</u>		
	Construction Fund	\$ 292,884	\$ 304,701
	 TOTAL 1958-59 BUDGET	 \$ 2,166,955	 \$ 2,334,472

Comparative Statement of Income and Expense:

	<u>Estimated 1958</u>	<u>Estimated 1959</u>
Operating Revenues	\$ 1,874,071	\$ 2,029,771
Less:		
Operating Expenditures	713,608	769,333
Depreciation	<u>292,884</u>	<u>304,701</u>
Net Operating Income	867,579	955,737
Less:		
Interest Expense	<u>253,139</u>	<u>257,920</u>
Net Income	\$ 614,440	\$ 697,817

Appropriations of Net Income:

Reserve for retirement of 1958 revenue bonds	\$ 70,000	\$ 70,000
Bond retirement	320,000	389,000*
Bond redemption reserve	40,000	30,000
Transfer to General Fund	78,574	85,805
Payments in lieu of taxes	<u>105,866</u>	<u>123,012</u>
Totals	\$ 614,440	\$ 697,817
Income Available for Interest and Bond Retirement	\$ 1,160,463	\$ 1,260,438
Total Requirement for Interest and Bond Retirement	\$ 573,139	\$ 646,920
Ratio of Cash Available to Cash Required .	2.0247	1.9483

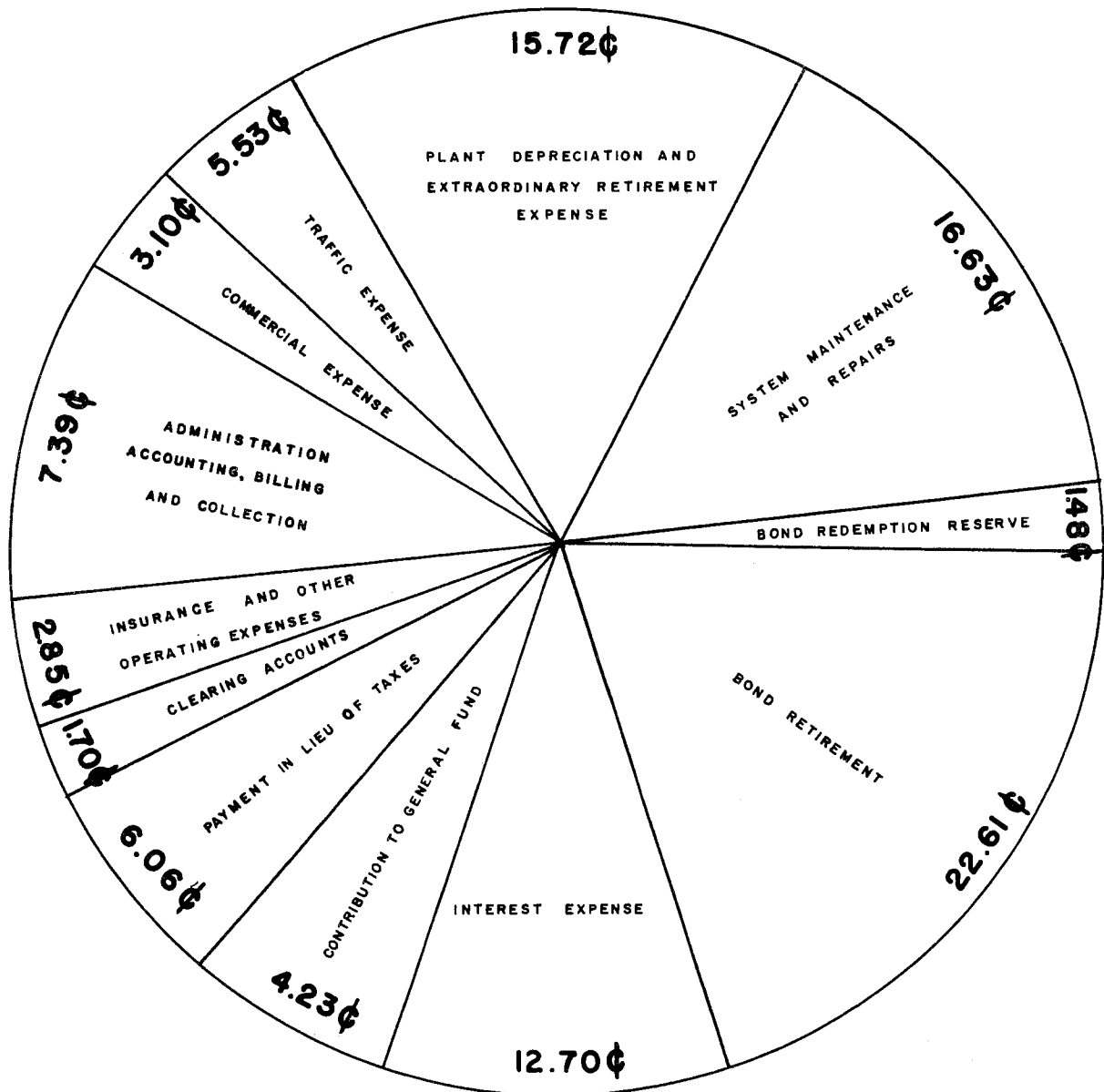
* Note: Bond retirement during 1959 requires an appropriation of \$389,000 from the net income of that year. A reserve of \$70,000 for bond retirement established during 1958 will be used to meet the total scheduled bond retirement of \$459,000 during 1959.

1959 WORK PROGRAM - TELEPHONE UTILITY

The City of Anchorage Telephone Utility follows, with but minor variations, the uniform system of accounts established by the Federal

TELEPHONE UTILITY

OPERATING REVENUE DOLLAR APPROPRIATIONS 1959



Communications Commission. Under the appropriate regulations promulgated by the Commission, the City-owned telephone utility adheres to such requirements as govern Class A operating telephone companies. The expenditure budget has been prepared following a comprehensive analysis of the system needs for plant repair, maintenance, physical plant replacement requirements, payment of interest on long term debt, bond retirement and redemption reserve requirements, and to adequately provide for other fixed charges and operating expenses. This presentation reflects cost estimates by account detail so as to permit ready comparison with appropriations authorized in the previous year's telephone utility budget.

Maintenance Expense:

In order to assure the continuation of an acceptable standard of maintenance service throughout the budget year, an appropriation of \$337,521 has been budgeted. In the following detailed presentation by maintenance expense account, the specific purposes for which moneys have been allocated are described completely. Of each operating revenue dollar appropriation contained in this budget, 16.63 cents has been set aside for the proper maintenance and repair of a total plant in service estimated to reach \$9,750,000. The total appropriation is distributed to five major categories of plant repair for ease in accounting. One major category is further detailed herein into six sub-accounts so as to permit careful budget performance control.

Account T 602.1 Repairs of pole lines consist of tightening guys, correcting faulty anchor conditions affected by soil and load, replacing minor items of pole lines, restoring condition of pole lines damaged by storms or other casualties, and costs incurred as a result of pole relocations. The utility must remain constantly alert to conditions which may adversely affect telephone plant suspended on approximately 350 miles of pole lines throughout the service area. The present condition of pole line plant is essentially good. Preventative maintenance and inspection will continue to be exercised throughout the new year.

Account T 602.2 Repairs of aerial cable will require the full time effort of one cable splicing team and one-half time of a second team in order to properly maintain an estimated 1,200,000 linear feet of lead covered feeder and distribution cable expected to be in service by the end of the year. The larger line construction crew will be used to a minor extent in relashing some cable sections in need of this attention and to effect cable transfers in connection with pole removal and relocation activities. The expense of restoring to working condition numerous presently defective cable pairs and other cable fault conditions sustained as a result of storms and other casualties is an ever continuing necessity. Moneys are included in

this expense account to provide for cable redistribution where it is required in order to satisfy constantly shifting needs of the service areas for additional plant capacity.

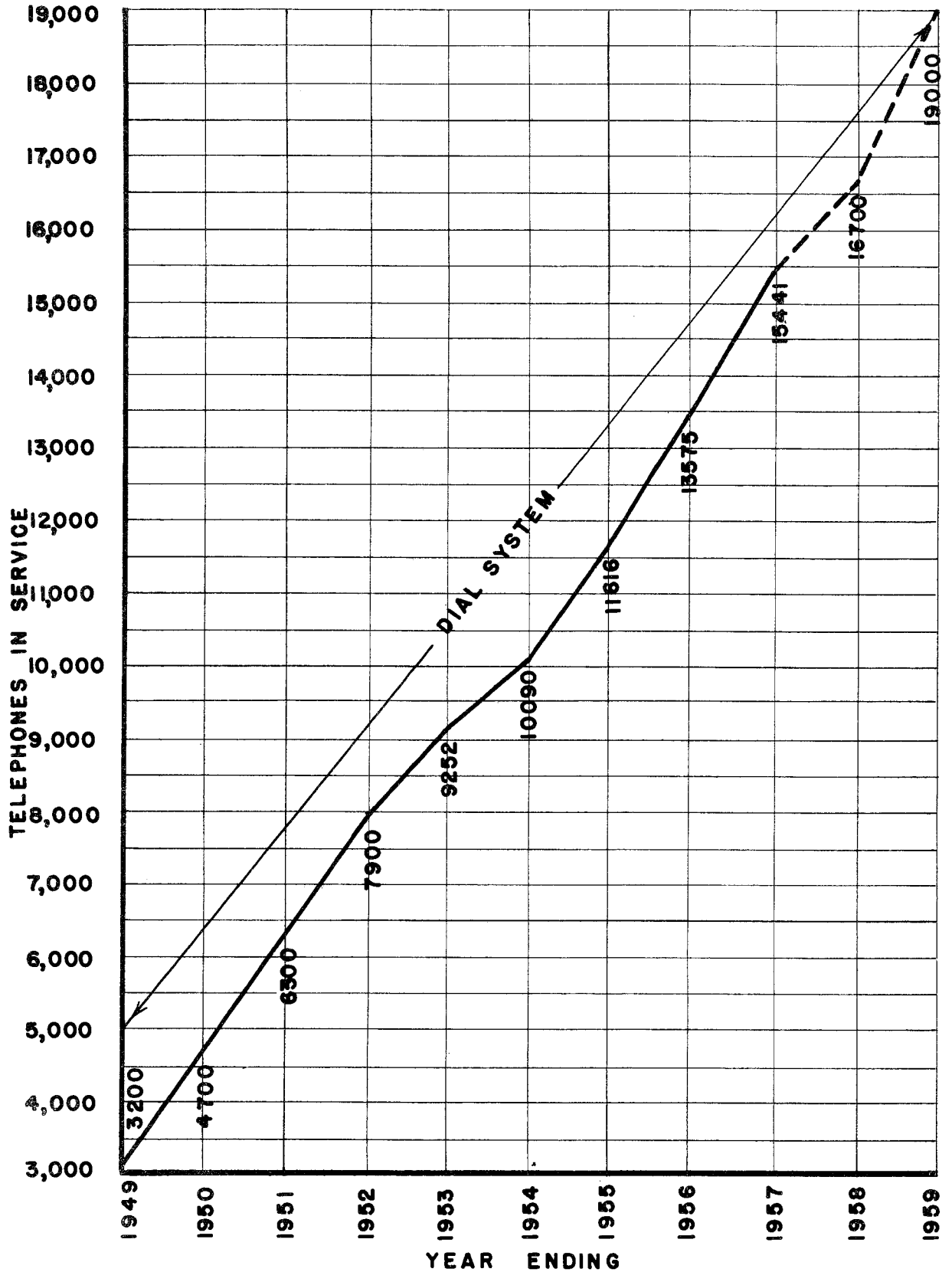
Account T 602.3 Repairs of underground cable are for the most part those expenses incurred in connection with the changes of underground cable to meet the plant capacity changes being implemented through plant redistribution projects. Underground cable is contained in protective conduits beneath the streets and alleys of the central business district and is obviously subjected to fewer hazards than is aerial cable plant and, therefore, the average annual cost of corrective maintenance is proportionately lower. A limited amount of effort will be expended through the part time activities of a two-man team to clear defective pairs where access is possible and the expense justified. This expense account provides for the maintenance of approximately 66,000 linear feet of underground cable plant.

Account T 602.4 Repairs of approximately 9,000 linear feet of buried cable require essentially the same functions as those devoted to maintenance of aerial and underground cable plant. Buried cable is a direct earth lay type plant and is much less protected from injury than the underground type cable plant above described. Nearly all previous maintenance experience on buried cable reveals that mechanical injury was at some time sustained by the cable, generally as a result of excavation activities carried on by others. Unless severe damage is incurred at the initial time of injury to the extent that telephone service is impaired, the injury often goes unreported and may result in a gradual deterioration which eventually is detected through subscribers' trouble complaints.

Account T 602.6 The expense of repairs to aerial wire is expected to result from such activities as replacing damaged insulators, cutting out or cutting in slack where needed, moving aerial wire in connection with pole removal and pole relocation projects, trimming trees, restoring condition of aerial wire plant damaged by storms or other casualties, rearranging wires on pins, testing for, locating, and clearing circuit trouble. Approximately 300,000 feet of aerial wire will remain in service following the retirement and removal of open wire plant sections being replaced with larger capacity cable.

Account T 602.7 Repairs of approximately 35,000 linear feet of underground conduit and duct banks will be limited to inspecting, draining, and cleaning periodically a number of telephone manholes which may be affected by spring break-up and heavy summer rainfall conditions. Few repairs are contemplated to be made on conduit excepting instances where excavation work by others has caused damage to underground conduit plant. In most instances encompassing plant damage by others, the City will attempt collection for repair costs.

CITY OF ANCHORAGE TELEPHONE UTILITY



HISTORY OF TELEPHONE STATION GROWTH 1949-1959

Account T 603. Test desk work is the cost incurred by central office forces engaged in receiving and recording subscribers' trouble complaints, testing plant facilities to determine the nature and location of plant failures and service interruptions, testing with repairmen during the course of repair work, and testing with installers during the course of service rearrangement, reconnection, and installation. This vital position is staffed six days per week.

Account T 604. Repairs of central office equipment includes the six days per week maintenance of 9,500 lines and 14,000 terminals of subscribers' line dial switching facilities valued at \$2,000,000. More than 63 million telephone calls will be processed during the new year based on current traffic volume and projected telephone station gain. It is planned that if additional funds become available during the budget year, additional personnel will be employed to permit a 24 hour maintenance effort on a seven days per week basis. This additional coverage is expected to be required soon after the activation of central office equipment in the three satellite exchange buildings.

Account T 605. Repairs of station equipment includes both corrective and preventative maintenance functions devoted to the 19,000 telephones expected to be in service by the end of 1959. This account reflects the anticipated cost of testing, inspecting, and repairing of all subscribers' station equipment, inside wires, drop and block wires, and the maintenance of a repair shop for the rehabilitation of instruments disconnected in the field and transferred into inventory for reconditioning. Additional personnel are being provided for in order to improve the capability of the utility to respond more quickly to plant failures, service interruptions, subscriber service complaints, and to allow a greater latitude in the performance of specialized preventative maintenance functions. Station equipment repairs are scheduled as a six days per week activity. Station inspection and number card changes must necessarily be carried out early in the year in preparation of the planned transition to the 2L-5N numbering scheme.

Account T 606. Repairs to buildings and grounds includes the cost of maintaining the heating and air conditioning systems of the three satellite exchange buildings, the main telephone exchange building, and the outside plant dispatching and repair quarters located in the City Garage area. This account also provides for the maintenance of lawns at exchange building locations, and provides for minor repairs and painting of spaces throughout the main exchange building.

Depreciation and Extraordinary Retirement Expenses:

This account reflects the estimated cost of annual plant depreciation based on an approximate capital plant value of \$7,185,066 at the end of

1958. At six months intervals, capital plant additions, upon their completion, are closed into total plant and adjustments are effected correspondingly in this account. A composite average depreciation expense ratio of 4.24% of total plant value is used. A depreciation reserve fund is shown in this budget as a non-operating revenue. This non-operating revenue item is then appropriated to the Plant Under Construction account to provide for plant replacements, retirements, and capital plant additions.

Extraordinary retirement charges reflect the unprovided-for loss in service value of depreciable telephone plant retired due to causes not recognized in depreciation. This specific appropriation represents a portion of the estimated loss in service value of aerial wire plant expected to be retired during 1959 due to insufficiency of capacity to meet current service volume demand. Such plant will be replaced with adequate capacity lead covered aerial cable plant. In this instance, the total value of such loss in service value of aerial wire plant to be retired in 1959 will be charged to expense in three annual installments, the first of which is reflected in the 1959 budget appropriation therefor.

Traffic Expense:

This account provides for the twenty-four hour operation each day of the year of such special service functions as emergency dial assistance, alphabetical, and numerical information service of subscribers' listings, intercept and referral service as a result of changed telephone numbers, receiving and recording subscribers' trouble complaints, and time information. The combined expense of operators' wages and central office stationery and printing have been consolidated into one account in order to simplify accounting procedures.

The traffic expense appropriation is sufficient to permit the operation for a full year of the additional attendant type switchboard position which was installed during the year 1958. The manning of this extra position during the prevailing busy period of the business week will result in a positive improvement in the utility's capability of handling the ever increasing volume of auxiliary traffic service. Additional temporary information operators will be required for approximately two weeks following activation of the three satellite offices due to the conversion to 2L-5N numbering.

Commercial Expense:

Costs of telephone directory deadline notification through local newspaper advertisements, receiving, recording and processing of subscriber applications for service by the local commercial operations

staff, the preparation of "copy" for the publication of two editions of the telephone directory, and the expense of collecting public pay telephone coins are provided for by the commercial expense appropriation. It is estimated that more than 25,000 service orders will be processed by the commercial operations section during the year 1959.

General Office Salaries and Expenses:

This account provides for the administrative cost of managing the affairs of the business, the expense incurred in accounting, billing, and collection by the staffs of the Controller and City Clerk-Treasurer, and the cost of the telephone utility's proportionate share in the maintenance of the City's law department. Explanation of appropriations for accounting, billing, and collecting are reflected in the budgets of the Accounting Department and that of the City Clerk-Treasurer.

Insurance and Other Operating Expenses:

A reserve fund for uncollectible expense is appropriated to reflect a one-fourth of 1% ratio of the estimated total gross collections under the subscribers' station, message tolls, and telegram revenue accounts. Business interruption insurance, fire insurance on the four telephone buildings and associated equipment contents, and workman's compensation insurance costs comprise the total estimated insurance expense for the year's system operation. Annual fees for contact privileges on 6,200 Chugach Electric Association poles and on 3,000 Municipal Light and Power Department poles, and annual charges for lease of cable pairs from other agencies and right-of-way charges are reflected in the operating rents appropriation. Social Security costs, other miscellaneous operating expenses, and dues payable to the Alaska Telephone Association are budgeted for under expense account T 675. Account code T 677 has been established in order to properly clear expenses incurred in connection with capitalized construction expenditures.

Clearing Accounts:

These accounts provide for expenditures which are proportionately distributed at the end of each six month interval to the appropriate division of expense and capital plant account affected. The 1959 work program is expected to develop work equipment, supplies, supervision, and house service charges in the amount of approximately \$98,500, of which 65% will be cleared to capital plant projects, and 35% will be cleared to budgeted 1959 telephone utility expense accounts.

Work equipment expense includes the cost of tools and similar items which are of short service life or low initial cost and normally

capitalized. Supply expense includes the utility's proportionate cost of maintaining a central purchasing and warehousing operation. General supervision costs over plant operation activities are charged against the clearing account designated Supervision Expense. House Service charges include the cost of fuel, electricity, water, telephone, janitorial services for the spaces occupied by the utility's equipment and personnel, supplies, and for the purchase of small items of tools and work equipment having a limited duration of useful life.

Other Expenses:

Appropriations for fixed charges include payments to the General Fund in lieu of taxes, contribution to the General Fund, interest on long term debt, bond retirement, and bond redemption reserves from the net income of the telephone utility.

Payment to the General Fund in lieu of taxes is based on a net plant value on January 1, 1959, of \$5,857,702 at the rate of a 21 mill levy. Such payment is considered equivalent to the property tax levied by the municipality against private enterprise.

Net income of the telephone utility in the amount of \$697,717 during 1959 represents an 8% return to the City on an estimated gross plant value at the close of 1958 of \$7,185,066. Distribution of this net income requires the expenditure of \$459,000 for bond retirement, including \$145,000 required to be repaid on the 1958 revenue bonds, \$30,000 for bond redemption reserves and the remaining balance of \$85,805 is appropriated as a cash dividend transfer to the General Fund.

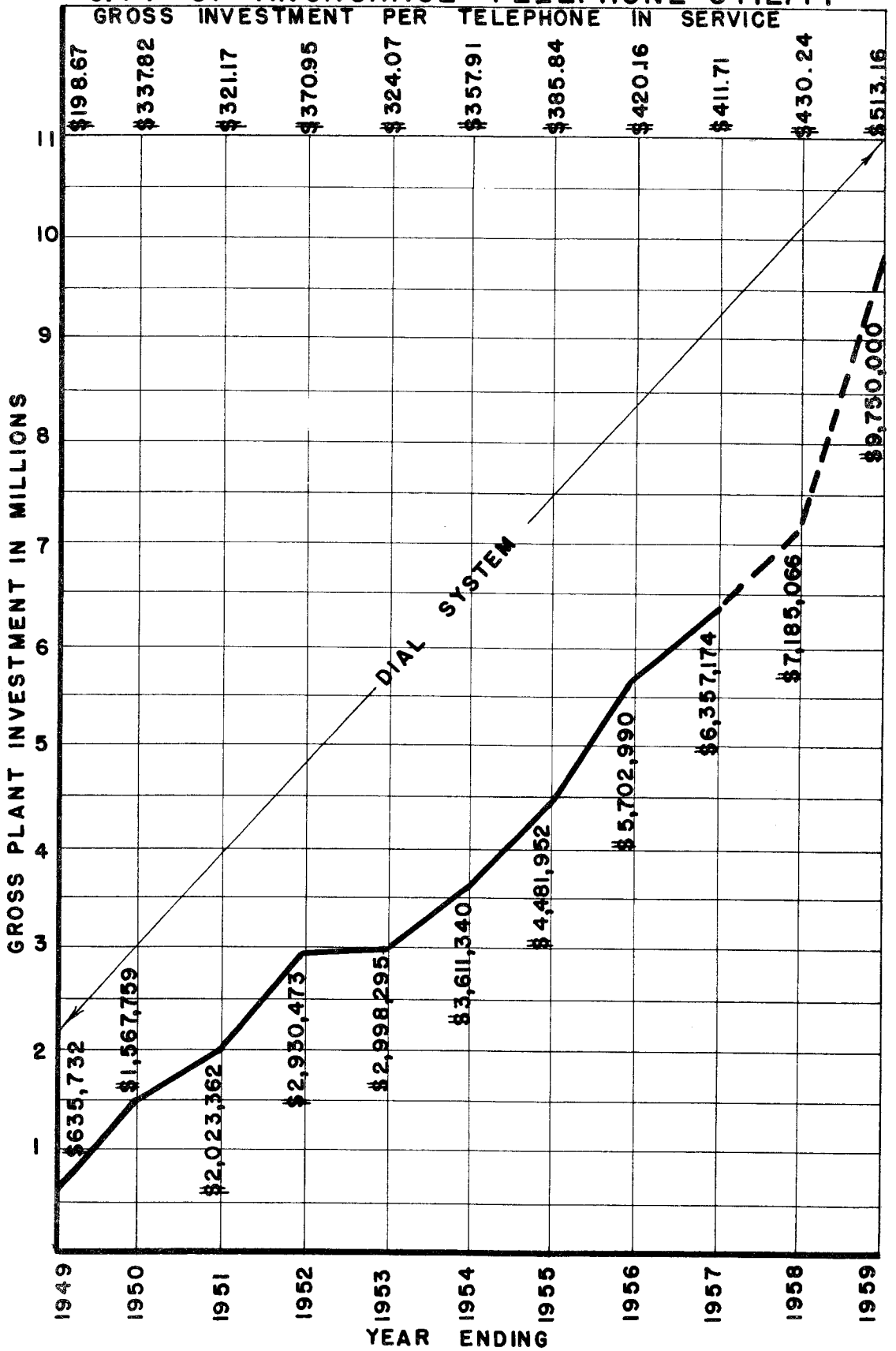
Interest charges on the bonded debt amount to \$257,920. Bond retirements during the year 1959 is set at \$459,000, which is \$139,000 more than retired during the year 1958. This increased rate of redemption has been provided for entirely out of the utility's net income, without the need for any adjustments in the present schedule of rates for telephone service.

The bond redemption reserve appropriation is in the amount of \$30,000. As is reflected in the foregoing, this appropriation has been established by ordinance associated with the 1958 bond funds. A separate reserve in the amount of \$70,000 for the retirement of 1958 telephone revenue bonds is established in order to assure the availability of funds early in 1960 when needed for retirement.

Plant Under Construction:

The annual depreciation reserve is appropriated to this capital expenditure account to provide funds for plant replacements, better-

CITY OF ANCHORAGE TELEPHONE UTILITY



HISTORY OF ANNUAL GROSS PLANT INVESTMENT AND
CORRESPONDING INVESTMENT PER TELEPHONE 1949 - 1959

ments, and for costs incurred in connection with plant retirements. Station installations are expected to cost \$186,780, which includes labor, material, vehicle expense, and clearing accounts.

The purchase of tools and test sets for use by personnel engaged in central office, PBX, cable splicing, line construction, and station installation work is estimated at \$4,200. The purchase and installation of suitable cable pressure system equipment planned to be located at each of the four exchange buildings is expected to result in expenditures of approximately \$11,550. The expense associated with arranging outside cable plant for utilization of the pressure system will entail bond fund appropriations.

Procurement of map files, a thermo-fax machine, typewriters, file cabinets, map reproduction machine, and miscellaneous items of office equipment and furniture is expected to cost approximately \$6,800.

Construction of a small building adjacent to the present main exchange building for the purpose of housing adequate standby power generation is estimated at \$4,300. Improvements to basement spaces to permit consolidation of assignment bureau and business office functions, and relocation of engineering spaces is estimated at \$8,500.

Improvements to the main exchange central office switch room consist of modifying the present heating and airconditioning system at an estimated cost of \$1,800, and the installation of marlite on the walls and ceiling to eliminate a serious central office equipment maintenance problem at an approximate cost of \$4,000. Landscaping at two satellite buildings is estimated to cost \$3,000.

The remaining sum of \$73,771 is principally earmarked for the purchase and installation of a community telephonic fire alarm system consisting of a two-position attendant-dispatcher switchboard and some 100 special telephones.

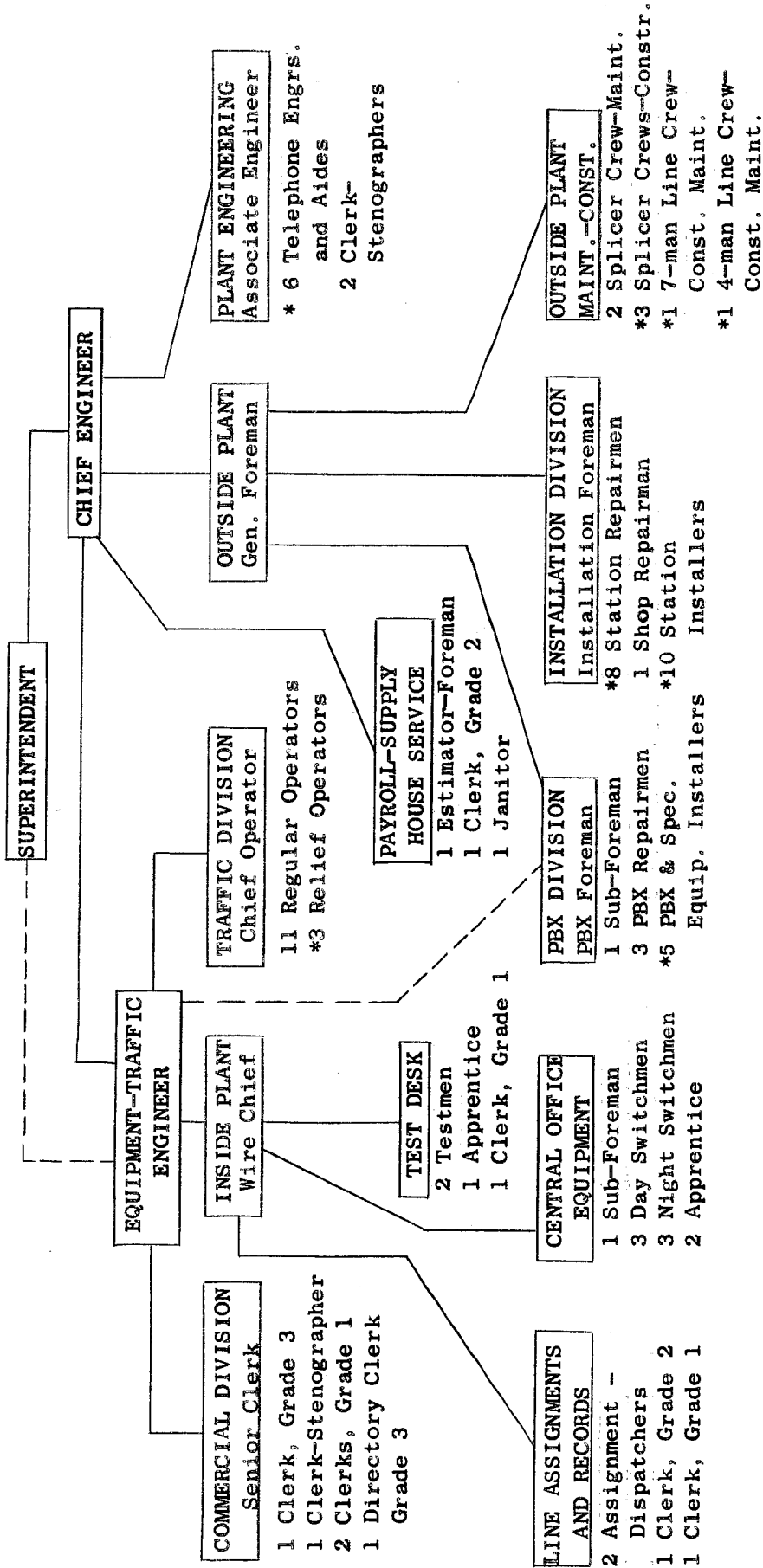
Bond Fund Construction:

Telephone revenue bonds in the amount of \$3,000,000 were sold during 1958 to finance a major plant expansion program designed to substantially improve the existing system and to provide adequate telephone service throughout the metropolitan community on an extended area service basis. Basically, the program entails the acquisition of land and the erection thereon of three satellite exchange buildings, procurement and installation of 3,500 lines and 8,000 terminals of central office dial switching equipment, construction of a vast network of aerial and underground cables reaching into every corner of the service area, purchase and

installation of modern subscriber station facilities, modification of and additions to the central office equipment presently in service, and conversion of all telephones to the 2L-5N numbering scheme.

Contracts were let during 1958 for furnishing apparatus and equipment, installing central office equipment, construction of underground manholes and ducting, construction of exchange buildings, and installation of major elements of feeder and distribution cable plant facilities throughout the entire service area. The total capital cost of contracted projects by the end of 1958 will have exceeded a total aggregate value of \$2,300,000. It is expected that activation of all new satellite central office equipment and conversion to 2L-5N numbering will take place early during the second quarter of the new budget year. Completion of the balance of the bond fund construction program will be carried out by the end of 1959 in accordance with the engineering design accomplished by the consulting firm of Gustav Hirsch Organization, Inc. as previously approved by the City Council.

TELEPHONE DEPARTMENT ORGANIZATION CHART - 1959



--- Engineering Liaison
 * Seasonal or as required by current workload