

CITY OF ANCHORAGE

1963

BUDGET

SECTION D

TELEPHONE UTILITY

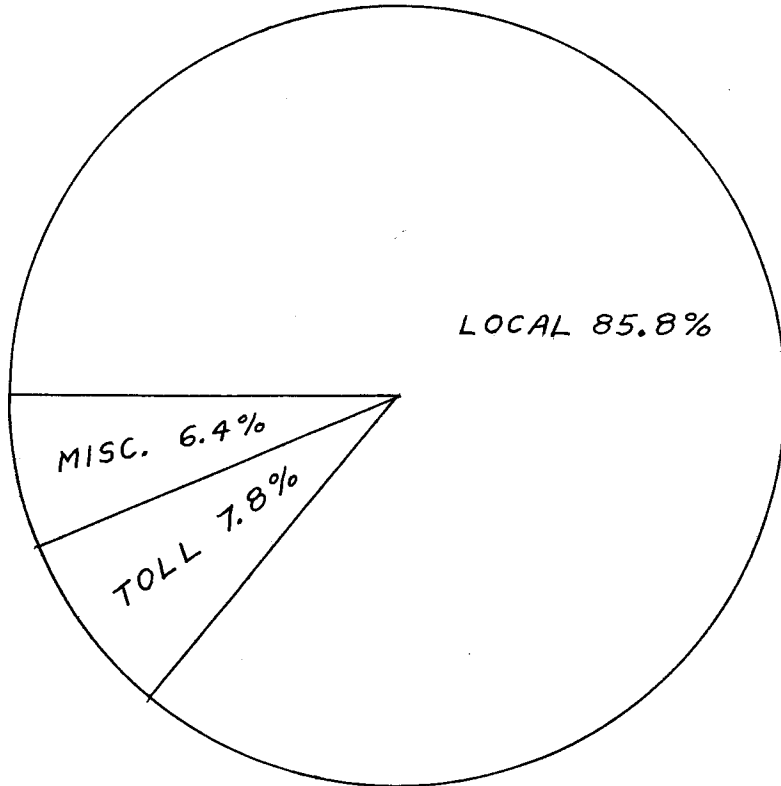
TELEPHONE UTILITY DEPARTMENT
REVENUE ESTIMATE
1963 BUDGET

Code	Description	Actual Revenue 1960	Actual Revenue 1961	Original Approved Budget 1962	Adjusted Budget 1962	Department Budget Estimate 1963	City Manager Budget Recommendation 1963	Council Approved Budget 1963
	<u>OPERATING REVENUE</u>							
2500	Subscriber Station	\$1,843,097	\$2,147,756	\$2,671,700	\$2,600,000	\$2,810,600	\$2,810,600	
2501	Public Telephone	26,306	33,550	38,000	38,000	60,000	60,000	
2506	Other Local Service	45,249	55,025	50,000	50,000	60,000	60,000	
	<u>TOTAL LOCAL SERVICE REVENUES</u>	<u>\$1,914,652</u>	<u>\$2,236,331</u>	<u>\$2,759,700</u>	<u>\$2,688,000</u>	<u>\$2,930,600</u>	<u>\$2,930,600</u>	
2510	Message Toll Revenues	193,745	205,135	200,000	200,000	215,000	215,000	
	<u>TOTAL TOLL SERVICE REVENUE</u>	<u>\$ 193,745</u>	<u>\$ 205,135</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 215,000</u>	<u>\$ 215,000</u>	
2521	Telegraph Commissions	21,113	22,190	24,000	24,000	25,000	25,000	
2523	Directory Advertising and Sales	8,000	8,000	8,000	8,000	8,000	8,000	
2526	Other Operating Revenue	111,596	147,977	25,000	25,000	60,000	60,000	
2527	Visit and Installation Revenue	-0-	-0-	150,000	150,000	-0-	-0-	
2530	Less Uncollectible Operating Revenue	-0-	-0-	-0-	-0-	(45,000)	(45,000)	
	<u>TOTAL MISC. REVENUE</u>	<u>\$ 140,709</u>	<u>\$ 178,167</u>	<u>\$ 207,000</u>	<u>\$ 207,000</u>	<u>\$ 48,000</u>	<u>\$ 48,000</u>	
	<u>TOTAL OPERATING REVENUE</u>	<u>\$2,249,106</u>	<u>\$2,619,633</u>	<u>\$3,166,700</u>	<u>\$3,095,000</u>	<u>\$3,193,600</u>	<u>\$3,193,600</u>	
	<u>NON-OPERATING REVENUES</u>							
2171	Depreciation Reserve	\$ 451,886	\$ 477,988	\$ 483,080	\$ 483,080	\$ 524,712	\$ 524,712	
2175	Working Capital (Bond Fund)	-0-	-0-	-0-	-0-	101,213	101,213	
2180	Surplus Appropriation	77,230	-0-	50	34,970	-0-	-0-	
	<u>TOTAL NON-OPERATING REVENUES</u>	<u>\$ 529,116</u>	<u>\$ 477,988</u>	<u>\$ 483,130</u>	<u>\$ 518,050</u>	<u>\$ 625,925</u>	<u>\$ 625,925</u>	
	<u>TOTAL OPERATING AND NON OPERATING REVENUES</u>	<u>\$2,778,222</u>	<u>\$3,097,621</u>	<u>\$3,649,830</u>	<u>\$3,613,050</u>	<u>\$3,819,525</u>	<u>\$3,819,525</u>	

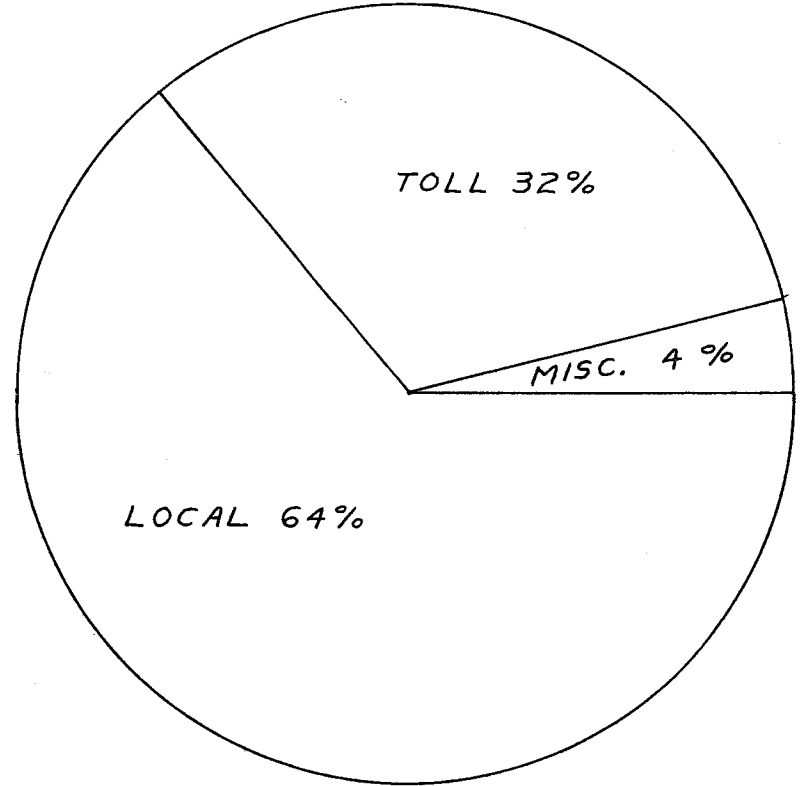
CHART I

OPERATING REVENUES - 1961

(SOURCE)



City of Anchorage



Composite of 554 Independent Telephone Companies
1961

TELEPHONE UTILITY DEPARTMENT
DISCUSSION OF TELEPHONE REVENUE ESTIMATES
1963 BUDGET

The overall revenue forecast for 1963 indicates an increase in Net Operating Revenue of \$98,600 (3.2%) and a Gross Revenue increase of \$206,475 (5.7%). Because the FAirfax and FEederal exchanges are "frozen" for new service, and BRoadway is expected to "freeze" about January 1963, there is little possibility of increasing our revenues from the addition of new customers. The additional revenue expected must come from stimulated sales of auxiliary services such as extensions, key systems, switchboard systems and automatic answering devices - none of which require additional central office facilities.

It should be emphasized that even the 3.2% increase is predicated on the Utility making a change in the Customer Service functions, at City Hall, early in 1963.

Whereas other operating telephone companies can expect about 65% of their income to come from local service, Anchorage must expect about 85%. The importance of this income to the Utility is emphasized by Chart I. The income that goes into each income account is detailed hereafter.

Account 2500 - Subscriber Station Revenue. This account includes revenues from business and residence subscriber service and from semi-public coin service - to include revenues from main stations, private branch exchange systems and other subscriber stations. It also includes local service revenues from mileage charges and auxiliary equipment in connection with subscriber service. With a rearranged system of taking care of customers at City Hall, plus merchandising training for the customer contact people, it is believed a 2.0% increase is realistic. The remaining change in this account results from eliminating Account 2527, Subscriber Visit and Installation Revenues, and incorporating such income in Account 2500, Subscriber Station Revenues. This is in conformance with the Federal Communications Commission Uniform System of Accounts for Class A and Class B Telephone Companies.

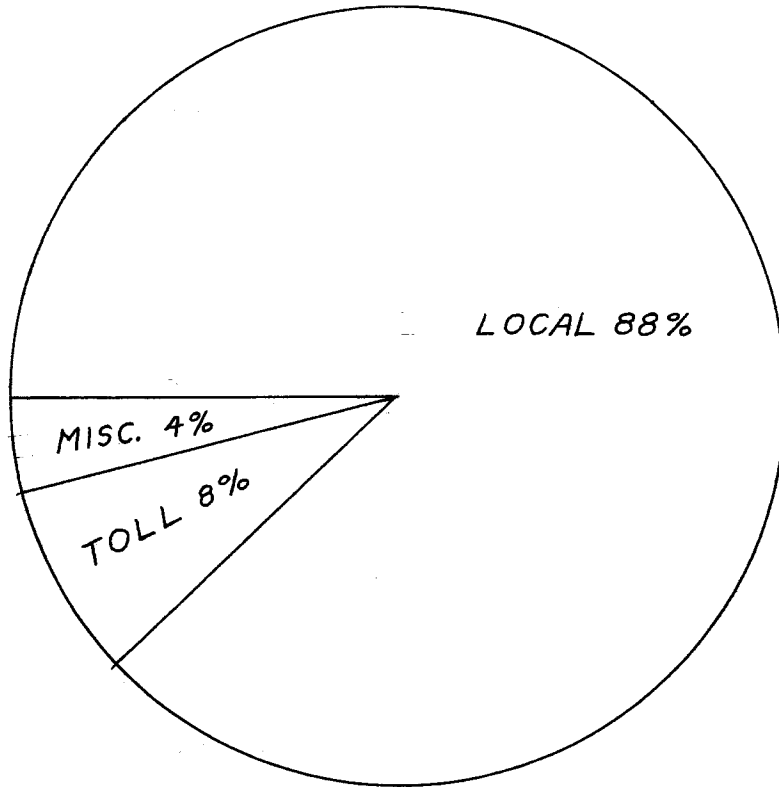
Account 2501 - Coin Telephone Revenue. This account includes coin telephone revenues, except the guarantee on semi-public service. While the programmed increase in this account is 6.0% it should be pointed out that the 1962 estimate of \$38,000 was not achieved. A change in coin operation was scheduled for the first quarter of 1962, but not achieved until November. The 1963 estimate is based on full utilization of the coin facilities in the system. In 1963 the Utility, in cooperation with Elmendorf Air Force Base, will install 10 coin telephones on the Base to test the revenue possibilities as well as to provide a needed service.

Account 2506 - Other Local Service Revenue. In this account are the revenues received from providing telephone service to all other City of Anchorage departments - such as Public Works, Fire and Police, City Hall, etc. A complete overhaul of the telephone facilities for the entire City operation is contemplated in 1963. An increase from \$50,000 to \$60,000 is expected.

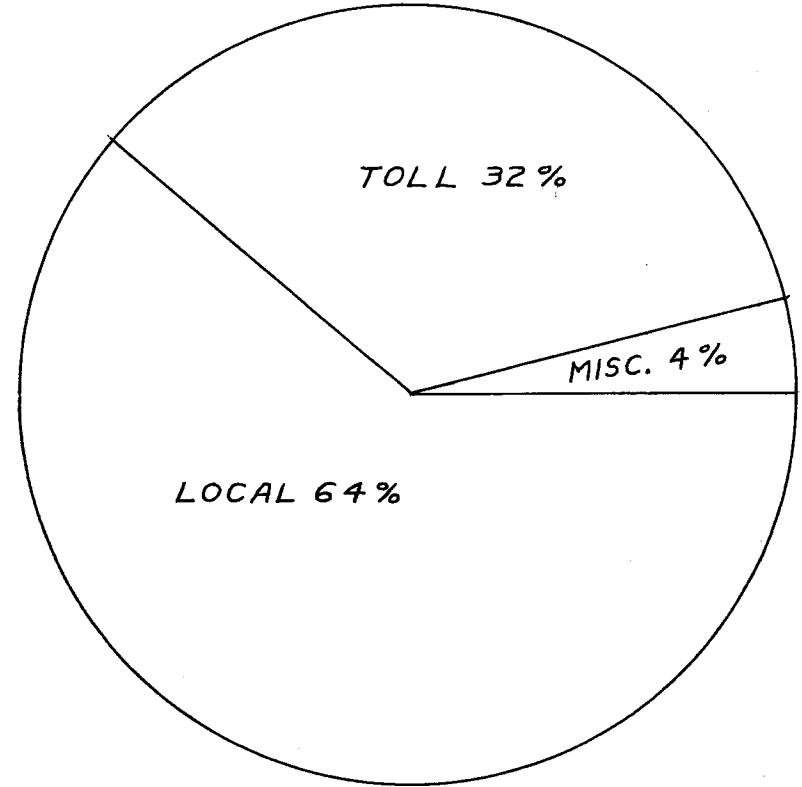
CHART II

OPERATING REVENUES - 1962

(SOURCE)



City of Anchorage



Composite of 554 Independent Telephone
Companies - 1961

Account 2510 - Message Toll Revenue. This account includes toll services revenues from the transmission of messages and represents the division of toll service revenues received. The increase of 7.5% represents the expected increase in toll usage over the year 1963 from normal growth. While a separation study is being conducted during the fourth quarter of 1962 it would be at least June 1963 before any benefits might be derived. Furthermore, at this time we have no assurance that the study will result in added compensation. For these reasons no increase in revenue because of the study has been programmed.

Account 2521 - Telegraph Commission. Included in this account are the commissions received for the billing or collection of telegrams. An increase of 4% reflects the normal growth over the years.

Account 2523 - Directory, Advertising and Sales. Revenues from the contract with the directory publisher are included in this account. It represents the Utility's share of the revenue from the sale of advertising in the classified (yellow) sections after the costs of compilation, printing and delivery are deducted. The present contract expires in 1965.

Account 2526 - Other Operating Revenues. This account includes all miscellaneous operating revenues not provided for elsewhere. Principally it includes the Utility's share of penalty assessments for delinquent or late payments of utility bills plus unclaimed refunds or overcharges on telephone service.

Account 2530 - Uncollectable Operating Revenues - DR. Accounts credited to the operating revenue accounts which have proven impracticable of collection are included here. The unusual increase of 350% recognizes that an arbitrary figure is not satisfactory. The major share of the \$45,000 uncollectable comes from the City having to stand the full loss on uncollectable toll revenues. This matter is being reviewed as a part of the Toll Separations Study being conducted in the fourth quarter of 1962. The account is treated as a revenue deduction rather than as expense as done in prior years in conformance with the Federal Communications Commission Uniform System of Accounts.

Account 2171 - Depreciation Reserve. This account equals the amount charged in expense accounts 2608, depreciation. Since the City makes a practice of plowing back immediately into plant its Depreciation Reserve, the item is treated as a non-operating revenue.

Account 2175 - Working Capital (Bond Fund). Additional personnel are programmed during 1963 resulting from the extraordinary effect of the \$6,000,000 bond construction program upon maintenance and operation expense during 1963. Yet this increased cost equaling \$101,213 cannot properly be capitalized. This non-operating revenue account provides for a cash advance of \$101,213 from bond fund proceeds in order to finance the extraordinary expense. This advance will be repaid during 1964, 1965, and 1966 out of revenues so as to replace the cash in the bond fund prior to its need for construction.

Telephone Utility Department

Personnel Summary

Number of Employees	Job Title or Description	Original Approved Budget 1962	Adjusted Budget 1962	Department Budget Request 1963	City Manager Budget Recommendation 1963	Council Approved Budget 1963
1	Telephone Utility Manager	\$ 17,136		\$ 17,136	\$ 17,136	
1	Ass't. Telephone Utility Manager	16,052		16,052	16,052	
1	Chief Engineer - OSP	14,667		15,363	15,363	
1	Operations Supervisor	14,477		14,477	14,477	
1	Sales and Service Supervisor		\$ 12,250	13,728	13,728	
1	Construction Supervisor	14,992		14,992	14,992	
1	Secretary (Grade II)	6,334		6,334	6,334	
1	Traffic & Equipment Engineer			15,000	15,000	
1	Commercial Supervisor			15,000	15,000	
1	Business Office Supervisor -			11,000	11,000	
1	Inside Wire Chief*			17,400	17,400	
1	Plant Service Foreman	14,343		14,637	14,637	
1	Plant Assigner I	7,198		7,334	7,334	
5	Plant Assigner II*	19,232		57,578	57,578	
3	Repair Clerk	21,610		22,051	22,051	
2	Test Desk Men	15,890		16,148	16,148	
1	Order Clerk	7,294		7,443	7,443	
1	Commercial Service Foreman (new)	14,419		14,713	14,713	
1	Directory Clerk	7,664		7,820	7,820	
1	Service Representative II	7,754		7,912	7,912	
5	Service Representative I*	17,120		33,669	33,669	
1	Billing Clerk	7,620		7,776	7,776	
1	Payroll Clerk	7,788		7,946	7,946	
1	Service Order Clerk	8,831		9,011	9,011	
1	Installation Foreman	12,223		12,472	12,472	
1	Sub Foreman (Shop)	12,666		12,924	12,924	
36	Installer Repairman	326,590		410,815	410,815	
2	Apprentice	19,265		19,658	19,658	
2	Repairman (Shop)	16,401		16,596	16,596	
1	PBX Foreman	13,754		14,035	14,035	
1	Sub Foreman	10,044		10,144	10,144	
1	Maintenance Foreman	14,380		14,673	14,673	
1	Chief Switchman	14,633		14,931	14,931	
1	Central Office Foreman	12,964		13,228	13,228	

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Telephone Utility Department

Personnel Summary

Number of Employees	Job Title or Description	Original Approved Budget 1962	Adjusted Budget 1962	Department Budget Request 1963	City Manager Budget Recommendation 1963	Council Approved Budget 1963
3	Sub Forman	\$ 38,963		\$ 39,758	\$ 39,758	
8	Switchman*	61,800		90,635	90,635	
3	Apprentice	28,254		28,830	28,830	
1	Construction Foreman	13,625		14,992	14,992	
5	Lineman	57,595		50,617	50,617	
2	Cable Splicer	27,833		28,401	28,401	
3	Helper	38,247		39,027	39,027	
1	Chief Operator	9,733		9,932	9,932	
11	Senior Operator	78,384		81,004	81,004	
4	Operators - Temporary	20,611		16,808	16,808	
1	Traffic Clerk	7,421		7,572	7,572	
2	Plant Engineers			28,080	28,080	
1	Engineering Foreman	14,096		14,383	14,383	
5	Plant Engineer	60,762		62,002	62,002	
1	Student Plant Engineer II	7,057		11,412	11,412	
1	Draftswoman	8,512		8,686	8,686	
1	Clerk Steno II	7,195		7,342	7,342	
3	Student Plant Engineer I			34,800	34,800	
2	Custodians	11,853		12,012	12,012	
1	Estimator	12,616		12,873	12,873	
1	Field Sampler	13,729		14,014	14,014	
<u>142 141</u>	TOTAL	\$ 1,211,627	\$ 1,223,877	\$ 1,523,176	\$ 1,523,176	
	Less Charge to Bond Fund Construction	\$ -0-	\$ -0-	\$ (137,340)	\$ (137,340)	
		\$ 1,211,627	\$ 1,223,877	\$ 1,385,836	\$ 1,385,836	
	Total Personnel Authorized	121	122	<u>142 141</u>	<u>142 141</u>	

* 135 people were programmed for 1962, but due to failure of telephone bond issue only 121 were authorized.

TELEPHONE UTILITY DEPARTMENT
EXPENDITURE SUMMARY
1963 BUDGET

	Actual Cost 1960	Actual Cost 1961	Original Approved Budget 1962	Adjusted Budget 1962	Department Budget Estimate 1963	City Manager Budget Recommendation 1963	Council Approved Budget 1963
<u>TOTAL EXPENDITURES</u>							
Maintenance Expense	\$ 715,801*	\$ 659,199*	\$ 666,510	\$ 666,510	\$ 735,413	\$ 735,413	
Depreciation	451,886	492,146	483,080	483,080	524,712	524,712	
Traffic Expense	-0-	-0-	132,000	132,000	168,550	168,550	
Commercial Expense	-0-	-0-	102,000	101,520	184,242	184,242	
General Office Salaries & Expense	369,612**	471,093**	280,400	280,400	290,864	290,864	
Other Operational Expense	-0-	-0-	202,070	151,790	75,975	75,975	
Payment in Lieu of Taxes	192,240	199,093	202,650	197,040	148,690	148,690	
Interest on Bonded Debt	206,741	193,883	207,570	207,570	224,730	224,730	
TOTAL OPERATING EXPENSE, TAXES AND INTEREST	\$ 1,936,280	\$ 2,015,414	\$ 2,276,280	\$ 2,219,910	\$ 2,353,176	\$ 2,353,176	
Construction Fund	\$ 237,000	\$ 210,139	\$ 483,080	\$ 504,010	\$ 524,712	\$ 524,712	
Other Revenue Deductions							
Bond Retirement	\$ 474,000	\$ 481,000	\$ 540,000	\$ 540,000	\$ 565,000	\$ 565,000	
Contribution to Gen.Fund	167,080	328,719	320,470	309,130	331,637	331,637	
Reserve for Bond Retirement	33,001	40,783	30,000	40,000	45,000	45,000	
TOTAL OTHER REVENUE DEDUCTIONS	\$ 674,081	\$ 850,502	\$ 890,470	\$ 889,130	\$ 941,637	\$ 941,637	
TOTAL EXPENDITURES	\$ 2,847,361	\$ 3,076,055	\$ 3,649,830	\$ 3,613,050	\$ 3,819,525	\$ 3,819,525	

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* 1962 and 1963 categories of Maintenance Traffic and Commercial Expense contain approximately the same expense items listed under Maintenance in 1960 and 1961.

** 1962 and 1963 categories of General Office Salaries and Expense and Other Operational Expense include the same items listed as General Office Salaries and Expense in 1960 and 1961.

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	OPERATING EXPENSE					
	Maintenance					
2602.1	Repairs of Pole Lines					
	Salaries			\$ 11,800	\$ 11,800	
	Contractual Services & Material			1,750	1,750	
	Vehicles and Small Tools			2,450	2,450	
	TOTAL	\$ 13,950	\$ 13,950	\$ 16,000	\$ 16,000	
2602.2	Repairs of Aerial Cable					
	Salaries			\$ 40,000	\$ 40,000	
	Contractual Services & Material			7,200	7,200	
	Vehicles and Small Tools			5,050	5,050	
	TOTAL	\$ 56,300	\$ 56,300	\$ 52,250	\$ 52,250	
2602.3	Repairs of Underground Cable					
	Salaries			\$ 25,000	\$ 25,000	
	Contractual Services & Material			3,300	3,300	
	Vehicles and Small Tools			1,850	1,850	
	TOTAL	\$ 8,850	\$ 8,850	\$ 30,150	\$ 30,150	
2602.4	Repairs of Buried Cable					
	Salaries			\$ 6,700	\$ 6,700	
	Contractual Services & Material			1,700	1,700	
	Vehicles and Small Tools			1,050	1,050	
	TOTAL	\$ 1,150	\$ 1,150	\$ 9,450	\$ 9,450	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	OPERATING EXPENSES					
	Maintenance					
2602.6	Repairs of Aerial Wire					
	Salaries			\$ 2,650	\$ 2,650	
	Contractual Services & Materials			200	200	
	Vehicles and Small Tools			800	800	
	TOTAL	\$ 560	\$ 560	\$ 3,650	\$ 3,650	
2602.7	Repairs of Underground Conduit					
	Salaries			\$ 4,400	\$ 4,400	
	Contractual Services & Materials			650	650	
	Vehicles and Small Tools			900	900	
	TOTAL	\$ 3,400	\$ 3,400	\$ 5,950	\$ 5,950	
2602.9	Engineering Charges	\$ 35,200	\$ 35,200	\$ -0-	\$ -0-	
	TOTAL	\$ 35,200	\$ 35,200	\$ -0-	\$ -0-	
2603	Test Desk Work					
	Salaries			\$ 54,600	\$ 54,600	
	Contractual Services & Materials			3,000	3,000	
	Vehicles and Small Tools			1,450	1,450	
	TOTAL	\$ 52,000	\$ 52,000	\$ 59,050	\$ 59,050	
2604	Repairs of Central Office Equipment					
	Salaries			\$ 218,140	\$ 218,140	
	Contractual Services & Materials			4,950	4,950	
	Vehicles and Small Tools			1,450	1,450	
	TOTAL	\$ 195,000	\$ 195,000	\$ 224,540	\$ 224,540	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	OPERATING EXPENSES					
	Maintenance					
2605	Repairs of Station Equipment					
	Salaries			\$ 261,798	\$ 261,798	
	Contractual Services & Materials			31,400	31,400	
	Vehicles and Small Tools			15,825	15,825	
	TOTAL	\$ 276,350	\$ 276,350	\$ 309,023	\$ 309,023	
2606	Repairs of Buildings and Grounds					
	Salaries			\$ 12,000	\$ 12,000	
	Contractual Services & Materials			2,250	2,250	
	TOTAL	\$ 15,750	\$ 15,750	\$ 14,250	\$ 14,250	
2610	Maintaining Transmission Power					
	Contractual Services & Materials			\$ 8,400	\$ 8,400	
	Vehicles and Small Tools			2,700	2,700	
	TOTAL	\$ 8,000	\$ 8,000	\$ 11,100	\$ 11,100	
	TOTAL MAINTENANCE EXPENSE	\$ 666,510	\$ 666,510	\$ 735,413	\$ 735,413	
	DEPRECIATION					
2608	Depreciation	\$ 483,080	\$ 483,080	\$ 524,712	\$ 524,712	
	TOTAL DEPRECIATION	\$ 483,080	\$ 483,080	\$ 524,712	\$ 524,712	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	TRAFFIC EXPENSE					
2621	General Traffic Supervision					
	Salaries			\$ 15,000	\$ 15,000	
	Contractual Services & Materials			2,250	2,250	
	Vehicles and Small Tools			300	300	
	TOTAL	-0-	-0-	\$ 17,550	\$ 17,550	
2624	Operators Wages					
	Salaries			\$ 145,000	\$ 145,000	
	TOTAL	\$ 132,000	\$ 132,000	\$ 145,000	\$ 145,000	
2631	Miscellaneous Expense					
	Contractual Services & Material			\$ 6,000	\$ 6,000	
	TOTAL	-0-	-0-	\$ 6,000	\$ 6,000	
	TOTAL TRAFFIC EXPENSE	\$ 132,000	\$ 132,000	\$ 168,550	\$ 168,550	
	COMMERCIAL EXPENSE					
2642	Advertising					
	Contractual Service & Material	\$ 15,000	\$ 14,520	\$ 16,000	\$ 16,000	
	TOTAL	\$ 15,000	\$ 14,520	\$ 16,000	\$ 16,000	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
2643	Sales					
	Salaries			\$ 15,696	\$ 15,696	
	Contractual Services & Material			3,600	3,600	
	TOTAL	-0-	-0-	\$ 19,296	\$ 19,296	
2645	Local Commercial Operation					
	Salaries			\$ 85,218	\$ 85,218	
	Contractual Services & Material			44,778	44,778	46,646
	Vehicles and Small Tools			1,450	1,450	
	TOTAL	\$ 77,000	\$ 77,000	\$ 131,446	\$ 131,446	
2648	Public Telephone Commission					
	Contractual Services & Material			\$ 3,700	\$ 3,700	
	TOTAL	-0-	-0-	\$ 3,700	\$ 3,700	
2649	Directory					
	Salaries			\$ 12,000	\$ 12,000	
	Contractual Services & Materials	\$ 10,000	\$ 10,000	\$ 1,800	\$ 1,800	
	TOTAL	\$ 10,000	\$ 10,000	\$ 13,800	\$ 13,800	
	TOTAL COMMERCIAL EXPENSE	\$ 102,000	\$ 101,520	\$ 184,242	\$ 184,242	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	GENERAL OFFICE SALARIES & EXPENSE					
2661	Executive Department					
	Salaries			\$ 56,334	\$ 56,334	- 58,000
	Contractual Services & Material			600	600	
	Vehicles and Small Tools	\$ 38,500	\$ 38,500	1,800	1,800	
	TOTAL	\$ 38,500	\$ 38,500	\$ 58,734	\$ 58,734	
2662	Accounting Department					
	Contractual Services & Equipment	\$ 224,770	\$ 224,770	\$ 204,000	\$ 204,000	- 200,598
	TOTAL	\$ 224,770	\$ 224,770	\$ 204,000	\$ 204,000	
2663	Payroll Section					
	Salaries			\$ 8,500	\$ 8,500	
	TOTAL	-0-	-0-	\$ 8,500	\$ 8,500	
2664	Law Department					
	Contractual Services & Material	\$ 17,130	\$ 17,130	\$ 19,630	\$ 19,630	
	TOTAL	\$ 17,130	\$ 17,130	\$ 19,630	\$ 19,630	
	TOTAL GENERAL OFFICE SALARIES AND EXPENSE	\$ 280,400	\$ 280,400	\$ 290,864	\$ 290,864	
	OTHER OPERATING EXPENSE					
2665	Uncollectible Expense					
	Uncollectible	\$ 10,000	\$ 10,000	\$ -0-	\$ -0-	
	TOTAL	\$ 10,000	\$ 10,000	\$ -0-	\$ -0-	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
2668	Insurance Contractual Services & Material	\$ <u>27,300</u>	\$ <u>27,300</u>	\$ <u>27,775</u>	\$ <u>27,775</u>	
	TOTAL	\$ 27,300	\$ 27,300	\$ 27,775	\$ 27,775	
2671	Operating Rents Contractual Services & Material	\$ <u>54,000</u>	\$ <u>54,000</u>	\$ <u>43,100</u>	\$ <u>43,100</u>	
	TOTAL	\$ 54,000	\$ 54,000	\$ 43,100	\$ 43,100	
2673	Telephone Franchise Requirements Contractual Services & Equipment	<u>-0-</u>	<u>-0-</u>	\$ <u>12,000</u>	\$ <u>12,000</u>	
	TOTAL	-0-	-0-	\$ 12,000	\$ 12,000	
2674	General Services and Licenses Contractual Services & Material	<u>-0-</u>	<u>-0-</u>	\$ <u>4,100</u>	\$ <u>4,100</u>	
	TOTAL	-0-	-0-	\$ 4,100	\$ 4,100	
2675	Other Expenses Contractual Services & Material	\$ <u>23,600</u>	\$ <u>23,600</u>	\$ <u>3,000</u>	\$ <u>3,000</u>	
	TOTAL	\$ 23,600	\$ 23,600	\$ 3,000	\$ 3,000	
2676	Telephone Franchise Requirements Contractual Services & Material	\$ <u>85,280</u>	\$ <u>35,000</u>	\$ <u>(12,000)</u>	\$ <u>(12,000)</u>	
	TOTAL	\$ 85,280	\$ 35,000	\$ (12,000)	\$ (12,000)	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
2677	Expense Charged to Construction Contractual Services & Material	\$ (9,100)	\$ (9,100)	\$ (2,000)	\$ (2,000)	
	TOTAL	\$ (9,100)	\$ (9,100)	\$ (2,000)	\$ (2,000)	
2706	Plant Supervision Salaries	\$ 10,990	\$ 10,990	\$ -0-	\$ -0-	
	TOTAL	\$ 10,990	\$ 10,990	\$ -0-	\$ -0-	
	TOTAL OTHER OPERATING EXPENSES	\$ 202,070	\$ 151,790	\$ 75,975	\$ 75,975	
	TAXES					
2305	Payment to City in Lieu of Taxes Contractual Services & Material	\$ 202,650	\$ 197,040	\$ 148,690	\$ 148,690	- 212,413
	TOTAL	\$ 202,650	\$ 197,040	\$ 148,690	\$ 148,690	
	Non Operating Expense Interest on Bonded Debt	\$ 207,570	\$ 207,570	\$ 224,730	\$ 224,730	
	TOTAL OPERATING EXPENSE & INTEREST	\$ 2,276,280	\$ 2,219,910	\$ 2,353,176	\$ 2,353,176	
	CONSTRUCTION FUND					
	Loans Payable to General Fund			\$ 265,000	\$ 265,000	
	Station Connections			184,685	184,685	
	Routine Plant Replacements			75,027	75,027	
	TOTAL CONSTRUCTION FUND	\$ 483,080	\$ 504,010	\$ 524,712	\$ 524,712	

APPROPRIATION DETAIL

<u>Code</u>	<u>Description</u>	<u>Original Approved Budget 1962</u>	<u>Adjusted Budget 1962</u>	<u>Department Budget Request 1963</u>	<u>City Manager Budget Recommendation 1963</u>	<u>Council Approved Budget 1963</u>
	OTHER REVENUE DEDUCTIONS					
	Bond Retirement	\$ 540,000	\$ 540,000	\$ 565,000	\$ 565,000	
	Contribution to General Fund	320,470	309,130	331,637	331,637	
	Reserve for Bond Retirement	<u>30,000</u>	<u>40,000</u>	<u>45,000</u>	<u>45,000</u>	
	TOTAL OTHER REVENUE DEDUCTIONS	\$ 890,470	\$ 889,130	\$ 941,637	\$ 941,637	
	TELEPHONE UTILITY NET	\$ 3,649,830	\$ 3,613,050	\$ 3,819,525	\$ 3,819,525	

TELEPHONE UTILITY DEPARTMENT
DISCUSSION OF EXPENDITURES
1963 BUDGET

Due to insufficient available time in the Telephone Department because of the bond campaign, the preservation of the recommended budget for telephone expenditures does not provide the detail contained in other departments. Recognizing that a utility operation must maintain sufficient budget flexibility to provide service when and where it is needed, it is planned that the 1964 budget document will better identify the telephone expenditure details which will provide the administration, the Telephone Commission and Council with information vital to budget recommendation and approval.

The City Manager's recommendation stipulates that all classified positions in the department continue under the existing classification and pay plan pending the results of the programmed position classification and salary study.

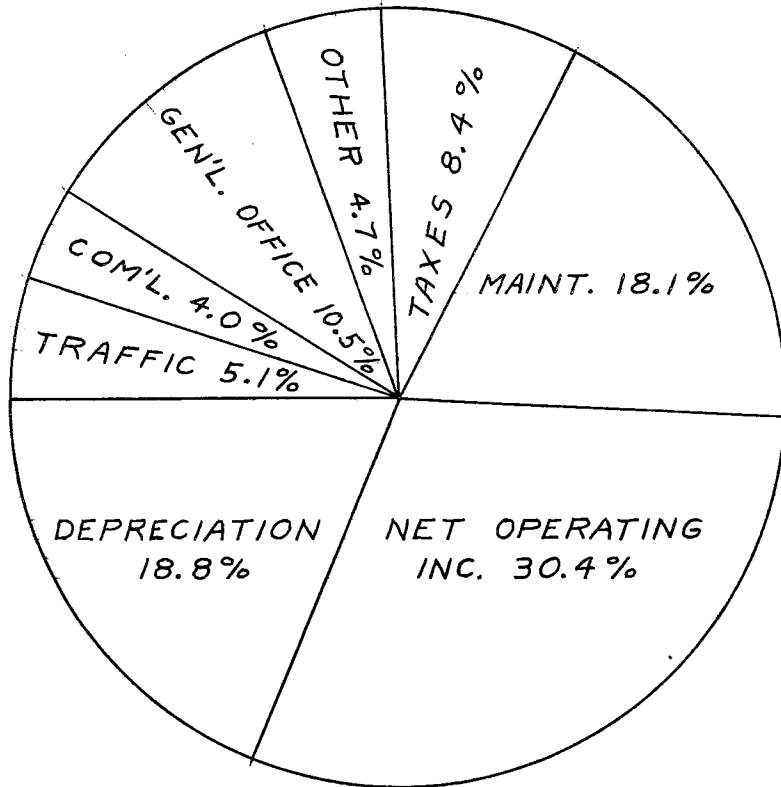
The total expenditures for 1963 indicate an increase of \$206,475 (5.7%). Of interest is that operating expense has remained essentially the same as 1962. There has been a natural increase in interest and other deductions as a result of additional bonds being sold during late 1961 and 1962. It should be made clear that the Expenditures in this operating budget for 1963 do not reflect the capital requirements of the \$6,000,000 improvement and expansion program approved by the voters on October 2, 1962. It is an operating budget only.

One major difference from previous budgets should be emphasized - that the utility has in the last two years systematically aligned itself with the Federal Communications Commission's Uniform System of Accounts for Class A and Class B Telephone Companies. Utilizing statistics made available by the United States Independent Telephone Association, and other individual operating companies, the Utility is comparing its cost of operation with others of equal size or capabilities. This budget reflects more nearly than any previous ones not only the form other companies use, but a means of making accurate comparisons to determine where weaknesses and strengths appear.

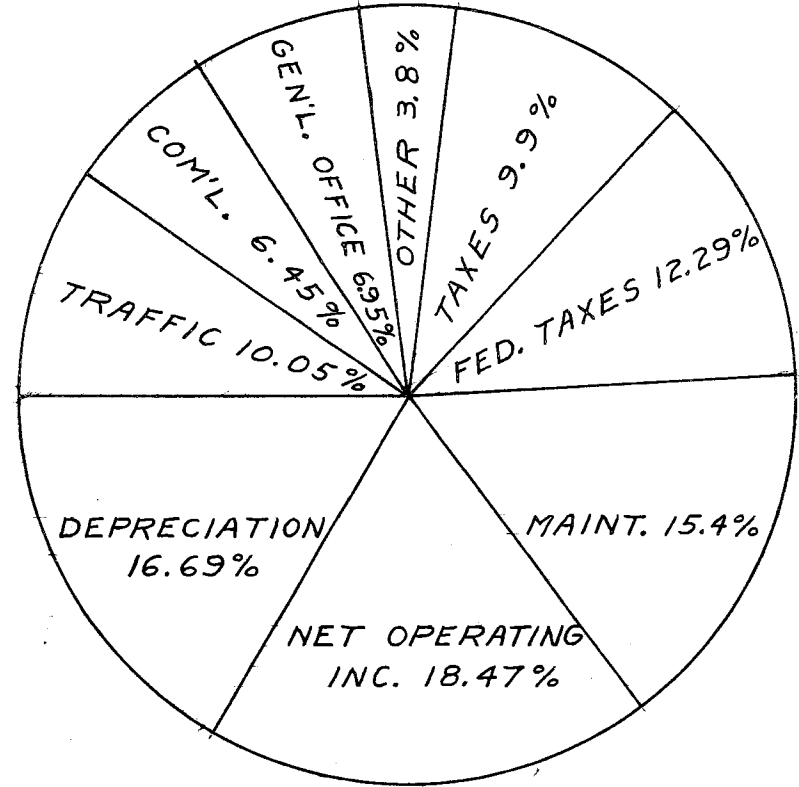
OPERATING EXPENSE AND TAXES - The purpose of operating expense accounts (2602.1 to 2677 inclusive) is to show the expenses of furnishing telephone service, including expense of maintaining the plant used in such service. The cost of repairs chargeable to the various expense and clearing accounts includes: inspecting, testing, and reporting on the condition of telephone plant to determine the need for repairs, replacements, rearrangements and changes; testing for, locating and clearing troubles; routine work to prevent trouble; replacing minor items of telephone plant; rearranging and changing the location of property not retired; repairing material for reuse; restoring the condition of property damaged by storms, floods, fires or other casualties; training employees for maintenance work; inspecting and testing after repairs have been made; and an equitable proportion of the cost of local plant administration, general plant supervision and engineering. The charges to telephone plant, operating expense, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts are based on the actual time engaged in the respective classes of work, unless otherwise specified.

CHART III

OPERATING EXPENSES & TAXES - 1961
(TO TOTAL OPERATING REVENUES)



City of Anchorage



Composite of 554 Independent Telephone Companies - 1961

As indicated in Charts III and IV, the utility compares favorably with the average of 554 other companies in all respects, save one - maintenance. While others average 15.43% of operating revenues for maintenance, Anchorage's is 19.9%. The utility management believes some of the factors contributing to this disparity are: (1) multiple office operation in an area better served with fewer offices; (2) past use of "temporary" plant where permanent plant should have been placed, even if first costs were higher; (3) use of frequency ringing (requires 5 different ringers) where ringing requires only one; (4) use of the "bid system" for procurement of plant items (switchboards, telephones, key equipment, cable, etc.) where standardization of such items would materially reduce inventory, replacement parts, training and maintenance costs; (5) failure to establish and adhere to, over the years, standards of installation for service, and (6) improper reporting procedures. While some of these factors will require a change of policy, the utility management is of the opinion that definite improvement can be made.

The Traffic Expense Account reflects a new management position of Traffic Engineer as shown in the department organizational chart. Proper balancing of the load of the system, proper number group assignment, constant surveillance of the adequacy of central office equipment, and taking prompt remedial actions requires the skill and knowledge of a Traffic Engineer. There is no question that not having these skills and knowledge available contributes to the overall maintenance expense of operating the system. In addition the efforts of the Traffic Engineering Department have a direct bearing on the amount of toll compensation the utility is able to secure from the Alaska Communication System. It is management's opinion that the addition of this position will assist in reducing maintenance costs and add to the overall efficiency of the system.

It is expected that during early 1963 the commercial functions of the utility and the customer service functions at City Hall, as regards telephone, can be merged and become the responsibility of the Telephone Utility Manager. It is not expected that this will reduce costs, but it is expected to provide better service to the telephone subscriber. To adequately administer this program the Commercial Expense Account includes two new management positions, Commercial Manager and Business Office Supervisor as shown on the organizational chart.

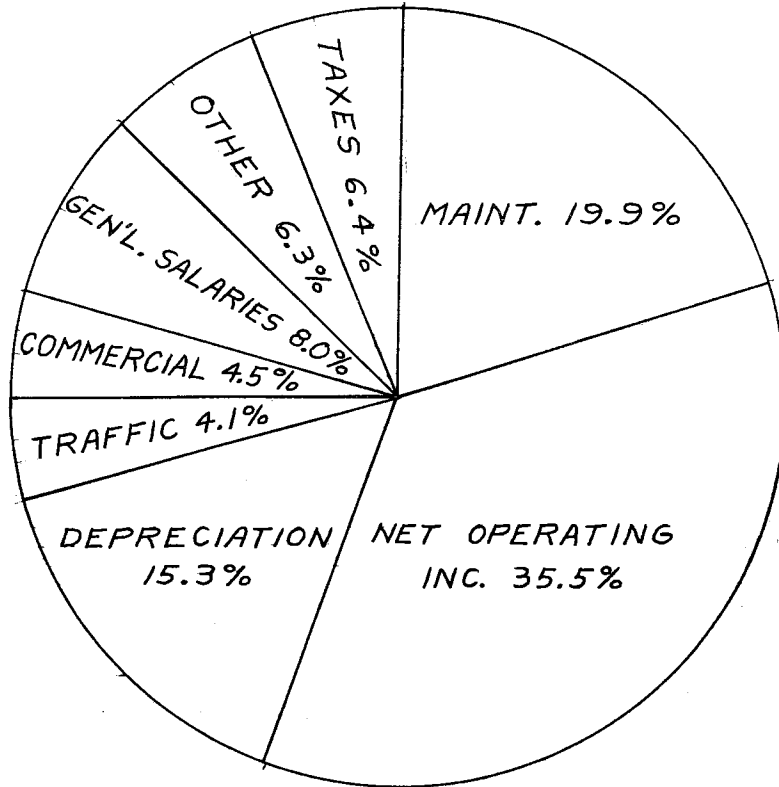
Other management and craft personnel are required to pick up the expected increase in operating requirements as the \$6,000,000 improvement and expansion program gets underway. These requirements are funded through a 3-year cash loan from the Bond Fund.

A reduction in operating taxes reflects the Management and City Administration's agreement that the utility should be assessed 70% of its net plant value rather than the 100% basis used in prior years.

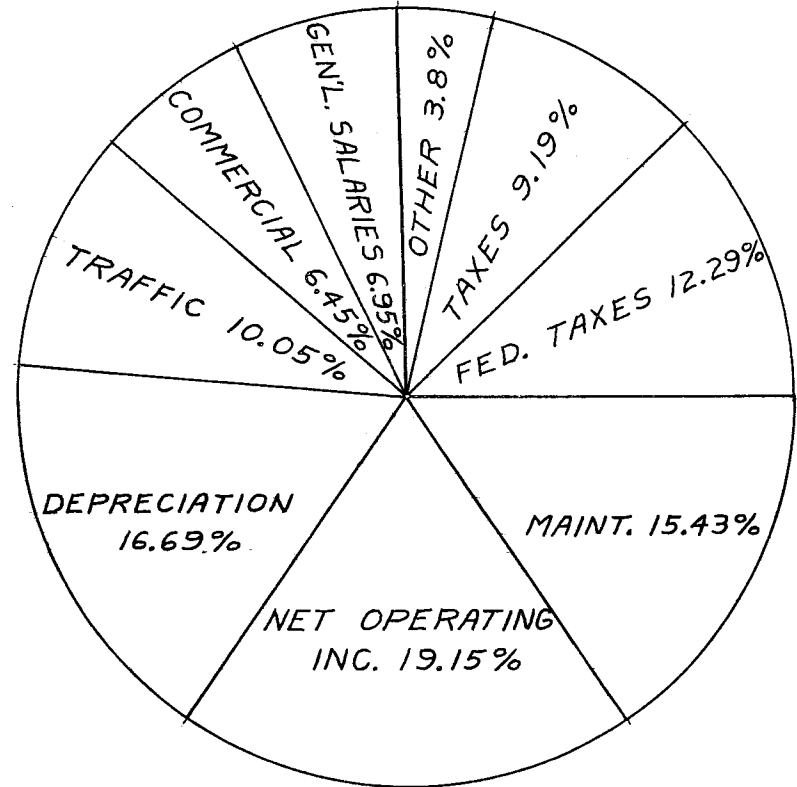
INTEREST AND OTHER DEDUCTIONS - The increase of interest from \$207,570 to \$224,730 results from the sale of \$750,000 in bonds authorized in October 1960 and sold in 1961 and 1962. Retirement of these and other outstanding bonds has reached its zenith and should start to decline. The redemption reserve reflects the increased indebtedness authorized in October 1960. The contribution to General Fund is up from \$320,470 to \$331,637 as a result of increased plant investment. The utility management and the Telephone Commission expect to recommend to the City administration a revised formula for computing the contribution during 1963.

CHART IV

OPERATING EXPENSES & TAXES-1962
(TO TOTAL OPERATING REVENUE)



City of Anchorage



Composite of 554 Independent Telephone Companies - 1961

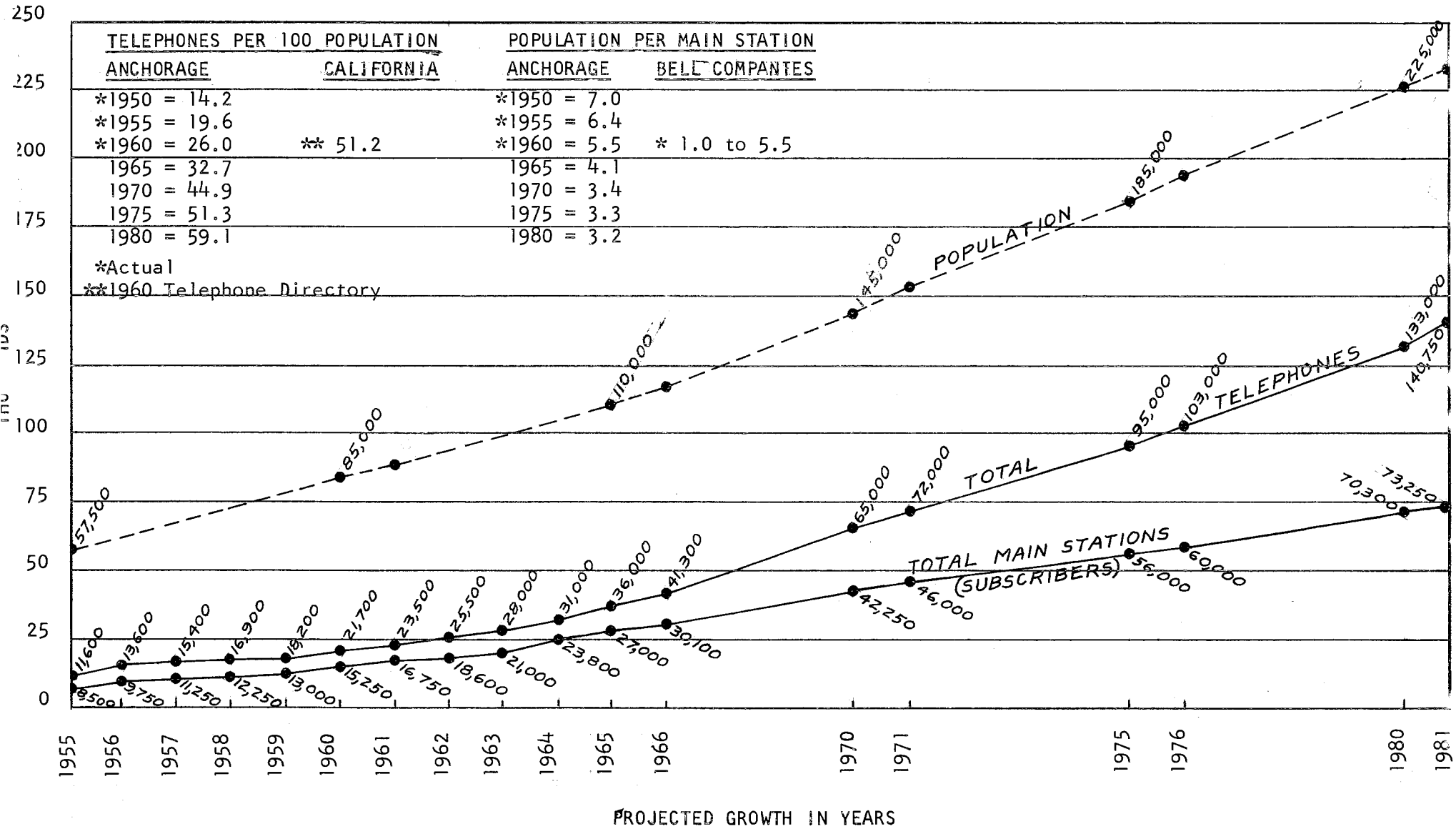
CONSTRUCTION FUND - It has been the practice of the City to plow back into plant, the cash representing the Depreciation Reserve. In 1963 the same general philosophy is continued with one change. The Construction Fund is now broken into two major segments, Station Connections and Routine Plant Replacements. Additionally, the \$265,000 advanced to the utility for construction during 1962 from other cash available to the City will be repaid.

In prior years it was the practice to use about one half of these funds to purchase equipment such as telephones, switchboards, key systems, etc., but not to allocate the labor and vehicle expense of installing; the other half of the fund was used to expand the outside plant of the system (poles, cable, wire, etc.) to new areas requiring service.

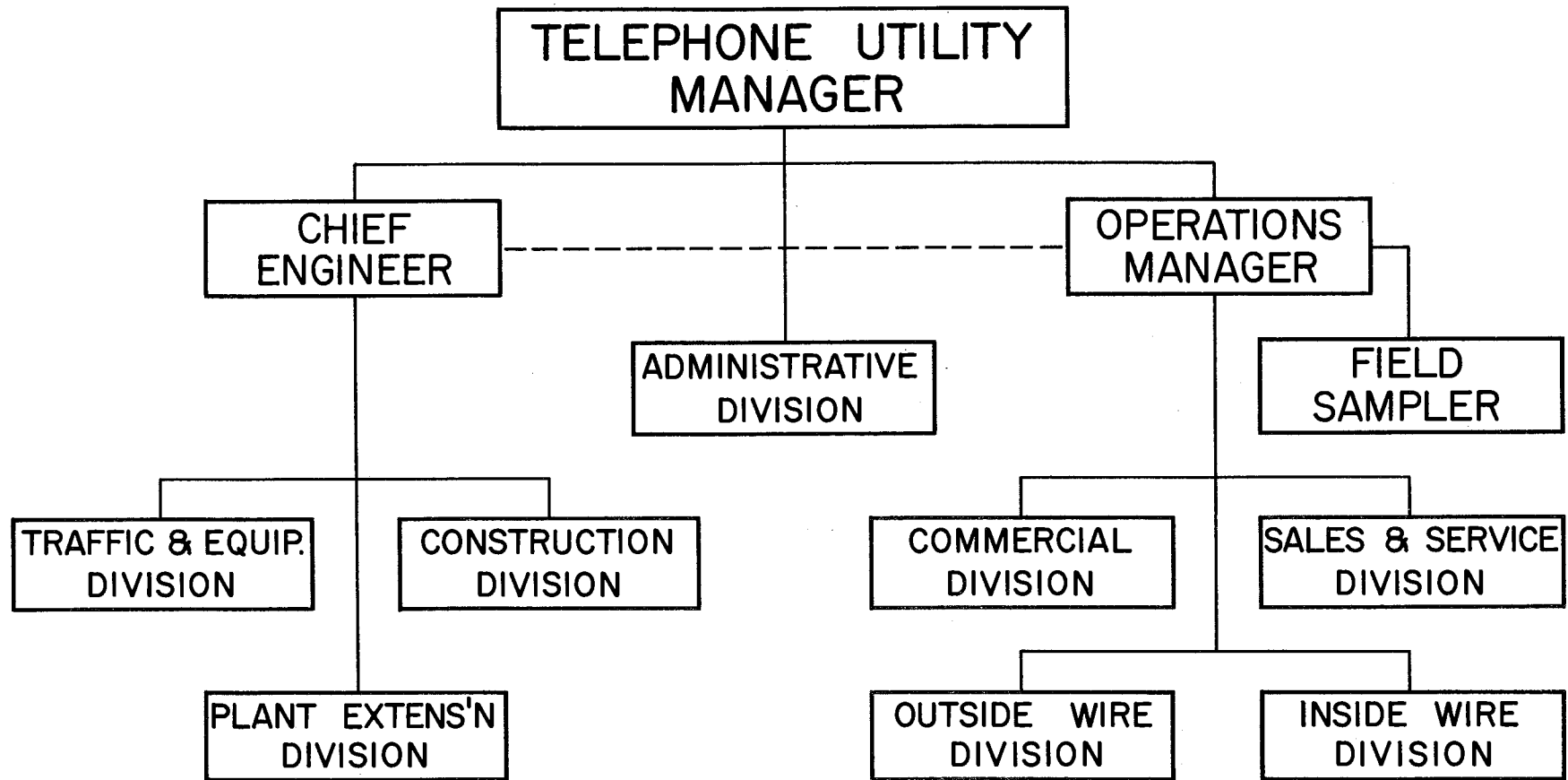
In 1963 the original cost of installing or connecting items of station apparatus, and the original cost of inside wiring and cabling and of drop wires will be funded from these monies. The cost of the apparatus (telephones, switchboards, key systems, booths, etc.) will be funded from the \$6,000,000 bond funds.

Routine plant replacements will in 1963 consist of replacing those items of outside plant that are required because of (1) highway relocations (2) plant betterment programs (3) requirements for temporary plant in advance of permanent plant and (4) replacement of existing facilities that are uneconomical to maintain. Any requirements for expansion of permanent new facilities will be funded from the \$6,000,000 bond funds on either a specific or routine project basis.

RATIO OF MAIN STATIONS & TOTAL TELEPHONES TO POPULATION FORECAST



TELEPHONE DEPARTMENT



-----ADVISORY RELATIONSHIP

TELEPHONE UTILITY DEPARTMENT
INCOME AVAILABLE FOR DEBT RETIREMENT

	Adjusted Budget 1962	<u>City Manager Budget Recommendation 1963</u>
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Revenue bond covenants require that the Utility charge rates that will produce an income, after payment of all operating expenses, but before depreciation and taxes, that will be 1.9 times the requirement for the payment of principal and interest.

1. Gross Operating Revenues	\$ 3,095,000	\$ 3,193,600
2. Less: Operating Expenses	1,332,220	1,455,044
3. Net Income Available	1,762,780	1,738,556
4. Principal and Interest Requirement	747,570	789,730
5. Ratio - Income Available to Income Required	2.36	2.20