

TELEPHONE UTILITY FUND BUDGET

**City of Anchorage
1953**

TELEPHONE UTILITY FUND BUDGET

Fiscal Year....1953

	<u>OPERATING REVENUE</u>	<u>1953 BUDGET ESTIMATE</u>
T 500	Subscriber Station Revenue	\$ 646,750.00
T 501	Public Telephone Revenue	15,500.00
T 506	Other Local Service Revenue	14,925.00
T 510	Message Toll Revenue	29,400.00
T 523	Directory Adv. and Sales	6,004.00
T 526	Other Operating Revenue	27,600.00
		<hr/> 740,179.00
	Depreciation Reserve	94,000.00
	TOTAL RESOURCES	<hr/> \$ 834,179.00

EXPLANATION OF TELEPHONE UTILITY REVENUE ESTIMATES:

Subscriber Station revenue has been estimated on the assumption that the new thousand line central office will be installed according to the schedule anticipated for the past several months. Almost all material needed to complete this installation is either here or in transit. The held telephone connect orders on hand are sufficient to completely load the 1000 lines as quickly as installations can be made. Some business services will be up-graded with the net result of taking care of a minimum of 1850 new customers during the year. The estimates are based on the following installation schedule:

Jan. - 100, Feb. - 100, March - 100, April - 100, May - 150,
June - 150, July - 200, August - 200, September - 200, October - 200,
Nov. - 150, December - 150.

This installation schedule is very conservative. As the program progresses, it should appear that the revenue estimate will be low. The ultimate goal is to serve approximately 3,000 new customers with the 1000 line expansion.

Public Telephone revenue represents collection from 30 public pay stations at the existing 5¢ rate per call. Forty additional pay stations are on order, but their delivery and installation depends upon future financing. As the number of public pay phones increases or the tariff is increased to 10¢, this estimate can be increased accordingly. Other local service is the amount of telephone service provided City offices.

Message Toll revenue represents the connect fees from the Alaska Communications System for long distance toll service. Directory advertising and sales is the estimated revenue to be received from the contractor publishing the directory four times per year. Other operating revenue is the charges for connects, disconnects and special installation.

Depreciation reserve is placed back into revenue to be used for capital plant replacement expansion. All estimates of revenue are considered conservative and should be exceeded.

TELEPHONE UTILITY FUND
1953 BUDGET

EXPENDITURE SUMMARY

<u>Expenditure Classification</u>	<u>Estimated 1952</u>	<u>Estimated 1953</u>
Maintenance Expense	\$ 125,469	\$ 166,000
Depreciation Expense	76,836	94,000
Traffic Expense	44,632	57,000
Commercial Expense	2,185	23,000
General Office Expense	75,811	85,000
Other Operating Expense	15,700	17,500
Clearing Accounts	17,237	104,732
Other Expenses	284,725	192,947
Plant Construction	61,510	94,000
Grand Total Expenditures	704,105	834,179

TELEPHONE UTILITY FUND BUDGET

Fiscal Year....1953

MAINTENANCE EXPENSE

1953 BUDGET ESTIMATE

		<u>LABOR</u>	<u>OTHER</u>	<u>TOTAL</u>
T 602.1	Repairs of Pole Line	4,400.00	600.00	5,000.00
T 602.2	Repairs of Aerial Cable	16,000.00	2,000.00	18,000.00
T 602.3	Repairs of Underground cable	5,340.00	660.00	6,000.00
T 602.4	Repairs of buried cable	3,500.00	500.00	4,000.00
T 602.6	Repairs of Aerial Wire	7,200.00	800.00	8,000.00
T 602.7	Repairs of Underground Conduit	1,600.00	400.00	2,000.00
T 602.8	Shop repairs & salvage adjustments	900.00	100.00	1,000.00
T 602.9	General supervision & tool expense		2,000.00	2,000.00
T 603.	Test Desk Work	10,000.00		10,000.00
T 604.	Repairs of C.O. equipment	30,225.00	2,275.00	32,500.00
T 605.	Repairs of Station equipment	42,500.00	18,500.00	61,000.00
T 606.	Repairs of Bldgs & grounds	3,000.00	1,500.00	4,500.00
T 607.	Station removals & changes	11,500.00	500.00	12,000.00

DEPRECIATION & AMORTIZATION EXPENSE

T 608.	Depreciation (Est. plant in service 12/31/52 \$2,350,000.00 @ 4% Depr)		94,000.00	94,000.00
--------	---	--	-----------	-----------

TRAFFIC EXPENSE

T 621	General Traffic Supervision			
T 622	Service Insp & Customer Instruction			
T 624	Operators Wages	55,000.00		55,000.00
T 629	Central Office Stationery & Printing		1,000.00	1,000.00
T 632	Public Telephone Expense		500.00	500.00
T 633	Other Traffic expense		500.00	500.00

COMMERCIAL EXPENSE

T 642	Advertising		500.00	500.00
T 643	Sales Expense	2,500.00		2,500.00
T 645	Local Commercial Operations	15,000.00		15,000.00
T 649	Directory Expense	5,000.00		5,000.00
T 650	Other Commercial Expense			

GENERAL OFFICE SALARIES & EXPENSE1953 BUDGET ESTIMATE

		<u>LABOR</u>	<u>OTHER</u>	<u>TOTAL</u>
E 661	Executive Dept.	41,000.00	4,000.00	45,000.00
T 662	Accounting Dept.	40,000.00		40,000.00
<u>OTHER OPERATING EXPENSES:</u>				
T 668	Insurance		15,000.00	15,000.00
T 675	Other Expenses		2,500.00	2,500.00
<u>CLEARING ACCOUNTS</u>				
T 702.	Vehicle & other work equipment	1,855.00	7,950.00	26,500.00
T 704	Supply expense	12,500.00	1,700.00	14,200.00
T 707	House Service Expenses	600.00		11,552.00
	Accrued Leave expense	52,480.50		52,480.50
<u>OTHER EXPENSES</u>				
	Operating Taxes		38,164.00	38,164.00
	Interest on Long Term Debt		63,031.25	63,031.25
	Other Interest			
	Contribution to General Fund		25,751.25	25,751.25
	Bond Retirement		60,000.00	60,000.00
	Reserve Funds for Bond Retirement		6,000.00	6,000.00
<u>PLANT UNDER CONSTRUCTION:</u>				
T 5	Work Order Drop & Block Wire	16,100.00	13,000.00	29,100.00
T 6	Work Order Inside Wiring	24,150.00	6,000.00	30,150.00
	Clearing Accts itemized & not shown in "other" Acct.		27,647.00	
	Capitol purchases to be made from Operating revenues		34,750.00	34,750.00

LABOR	\$ 402,350.50
OTHER	431,828.50
TOTAL	<u>\$ 834,179.00</u>

1953 WORK PROGRAM - TELEPHONE UTILITY

The accounting procedure of the Telephone Utility Fund is the uniform system of accounts as established by the Federal Communications Commission. The expenditures budget, therefore, follows those accounting procedures.

The Maintenance Expense is shown in several different operations as indicated by account numbers. The T 602 accounts are those items of maintenance relating to poles, lines, cables, underground and all outside plant. The maintenance on these items is unpredictable because it is made necessary by forces of nature and acts malicious mischief. The estimates cannot be considered firm, but must of necessity be adjustable to the incidences that inflict damage to the outside plant.

The test desk work is mainly the contact man on service trouble and routing orders to repair crews. This work requires one man operation six days per week. Repairs to central office equipment is the work necessary to maintain the 3,000 line relaymatic and 1000 line crossbar equipment being installed. A wire chief, two central office men, and one man one/half time are employed in this work. Station equipment maintenance includes all trouble shooting, pbx repairs, telephone instrument repair, drop line repair. It is estimated that twelve men are engaged in this servicing--some full-time, some part-time. Repairs to buildings and grounds deal with routine maintenance to grounds and building. Station removal and changes represent work done by installers on connects, disconnects and special servicing in removing and installing phones.

The depreciation expense represents a 4% charge on the capital plant. This money is placed in the revenue to be spent in capital expenditures.

The traffic expenses are primarily telephone operators wages for nine full-time and one part-time worker. This provides 24-hour operator service and includes receipt of service calls, information, and dial assistance.

Commercial expense includes newspaper notices (T 642), sales expense (T 643) providing information on service to customers. Local commercial operations represent the proportionate share of the City Treasurer cost of collecting the telephone bills and charges.

Directory expense (T 649) includes clerical help in maintaining telephone directory listing.

The general office expenses include administration costs and charges made by the Accounting Department.

Other operating expenses include workmen's compensation and insurance on plant and equipment.

Clearing accounts represent charges made by the City Garage and others on operation of vehicle equipment. The supply expense includes warehousing charges, including telephone warehouse operation. House

services include heat, light, water, telephone and proportion of janitorial services. Accrued leave expense is the cost of sick and annual leave.

The operating taxes are payments in lieu of taxes to the city. Bond retirement and interest represents the amortization of long term debt required in 1953. Contribution to General Fund represents the distributable profit anticipated during 1953 to the General Fund. Reserve fund for bond retirement are funds to be applied to bond requirements at times when funds may not be adequate to meet requirements.

'Plant Under Construction' are the capital expenditures that add up to the plant's fixed assets. \$59,250 is estimated for drop and block plus inside wiring used in installing telephones. The balance of \$34,750 is available to assist bond financed projects, and insures that the amount allowed for depreciation is placed back in plant expansion or replacement.

The \$27,647 item is an adjustment figure that will be added to the different accounts as "other" expenses that could not be accurately estimated as to distribution.

The City must decide its position on meeting the Greater Anchorage telephone needs. If service is to continue meeting the constant expansion demands, then bond authorization should be submitted to the voters as quickly as possible to clear existing capital expansion commitments and to crystalize expansion plans by ordering needed equipment for future delivery. The financing must stay ahead of making commitments for future construction.