CITY OF ANCHORAGE

1966

BUDGET

TELEPHONE UTILITY FUND

SECTION F

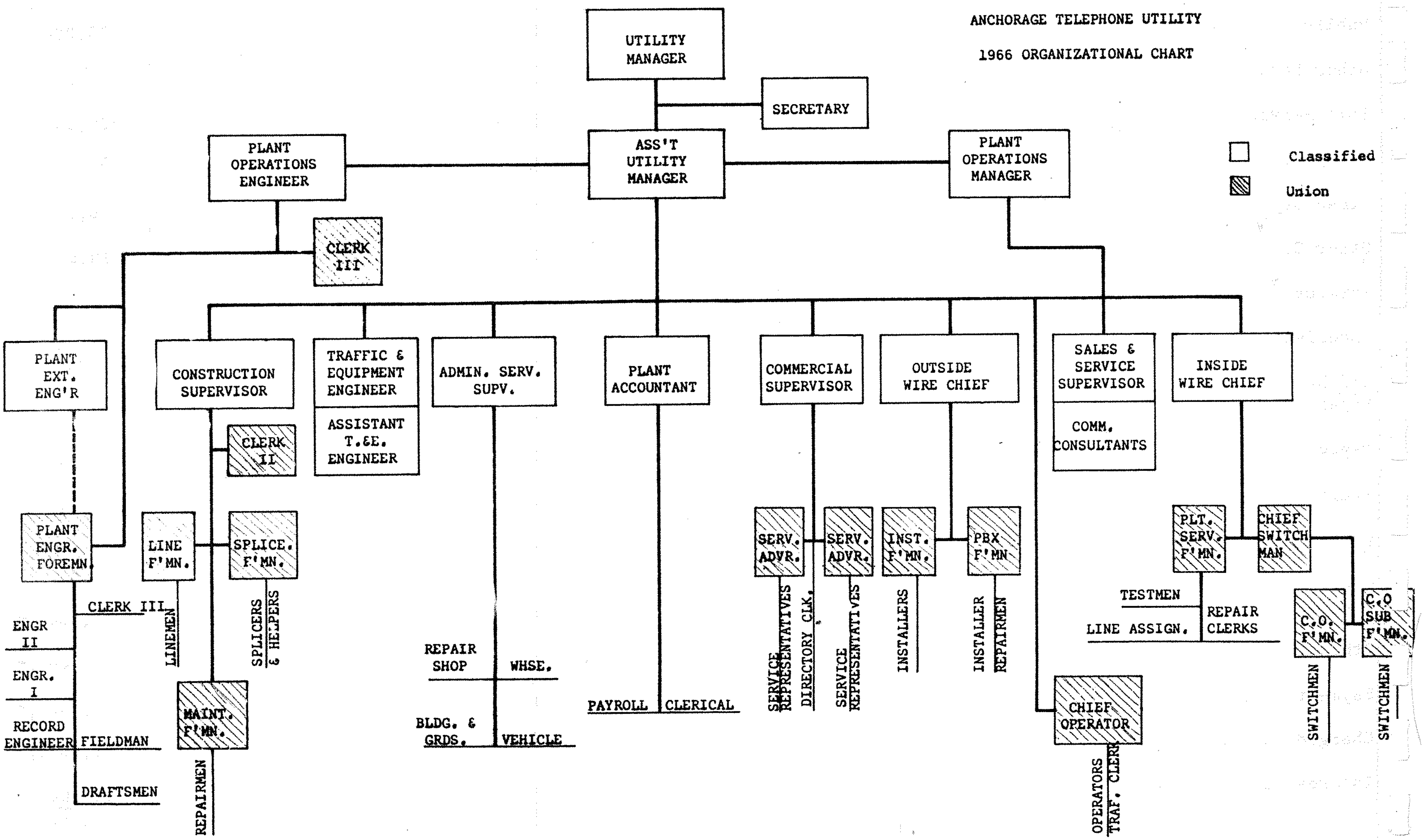
CITY OF ANCHORAGE

DEPARTMENT Telephone Utility	Analysis of Retained Earnings				SUMMARY		
CLASSIFICATION	ACTUAL COST 1963	ACTUAL COST 1964	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966	MANAGER RECOMMENDS 1966	COUNCIL APPROVED 1966
Balance, January 1	28,809	99,575	28,941	(8,765)	26,235	26,235	26,235
Net Income	799,776	901,758	1,002,179	682,000	519,112	814,337	764,819
Depreciation (non-cash)	555,249	630,792	728,000	728,000	910,000	910,000	1,070,000
Contribution to General Fund	(228,495)	(489,953)	(402,880)	(153,000)	(435,110)	(189,337)	(324,819)
Bond Retirement	(630,000)	(575,000)	(570,000)	(570,000)	(540,000)	(540,000)	(540,000)
Bond Reserve	109,331		(75,000)	(75,000)	(85,000)	(85,000)	(85,000)
Plant Retirement		52,410					
Capital Expenditures	(537,532)	(549,800)	(728,000)	(550,000)	(910,000)	(910,000)	(910,000)
Obsolete Inventory Write-Off		(49,847)					
Other Adjustment	2,437	(28,700)		(27,000)			
Balance December 31	99,575	(8,765)	(16,760)	26,235	(514,763)	26,235	1,235

DEPARTMENT Telephone Utility

SUMMARY

CLASSIFICATION	ACTUAL COST 1963	ACTUAL COST 1964	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966	MANAGER RECOMMENDS 1966	COUNCIL APPROVED 1966
REVENUE							
Subscriber Stations	2,776,715	2,938,885	3,300,000	3,300,000	3,700,000	4,000,000	4,000,000
Public Telephones	48,668	98,341	85,000	110,000	125,000	125,000	125,000
Other Local Service	70,967						
Toll Service	234,882	353,749	335,000	429,000	420,000	420,000	420,000
Telegram	24,007	25,953	27,000	26,000	27,000	27,000	27,000
Directory	8,000	10,798	8,000	8,000	8,000	8,000	8,000
Other Operating Revenue	61,543	71,249	30,000	48,000	10,000	10,000	10,000
Interest	13,513						
Uncollectible Accounts	(45,000)	(30,217)	(35,000)	(35,000)	(40,000)	(40,000)	(40,000)
	3,193,295	3,468,758	3,750,000	3,886,000	4,250,000	4,550,000	4,550,000
EXPENSES							
Repairs & Maintenance	789,573	863,167	852,600	1,100,000	1,051,850	1,053,450	1,053,450
Depreciation	555,249	630,792	728,000	728,000	1,070,000	1,070,000	1,070,000
Traffic Expense	149,881	156,797	171,700	188,000	217,600	210,700	210,700
Commercial Expense	155,648	145,952	141,000	190,000	312,700	336,600	336,600
General Office Salaries And Expense	289,852	352,838	353,000	441,000	335,300	320,800	319,800
Other Operating Expenses	112,209	129,528	124,500	162,000	213,400	214,700	214,700
Payment in Lieu of Tax	205,635	174,860	187,900	215,000	174,038	176,813	227,331
Charged to Construction	(60,000)	(60,060)	(62,500)	(62,000)	(62,500)	(65,800)	(65,800)
Interest Expense	195,472	173,126	251,621	242,000	418,500	418,400	418,400
	2,393,519	2,567,000	2,747,821	3,204,000	3,730,888	3,735,663	3,785,181
Net Income	799,776	901,758	1,002,179	682,000	519,112	814,337	764,819


ANCHORAGE TELEPHONE UTILITY
1966 ORGANIZATIONAL CHART
Classified
Union
UTILITY MANAGER
SECRETARY
ASS'T UTILITY MANAGER
PLANT OPERATIONS ENGINEER
PLANT OPERATIONS MANAGER
CLERK III
PLANT EXT. ENG'R
CONSTRUCTION SUPERVISOR
TRAFFIC & EQUIPMENT ENGINEER
ASSISTANT T.&E. ENGINEER
ADMIN. SERV. SUPV.
PLANT ACCOUNTANT
COMMERCIAL SUPERVISOR
OUTSIDE WIRE CHIEF
SALES & SERVICE SUPERVISOR
COMM. CONSULTANTS
INSIDE WIRE CHIEF
CLERK II
PLANT ENGR. FOREMN.
LINE F'MN.
SPLICE. F'MN.
CLERK III
ENGR II
ENGR. I
RECORD ENGINEER
FIELDMAN
DRAFTSMEN
LINEMEN
SPLICERS & HELPERS
MAINT. F'MN.
REPAIRMEN
REPAIR SHOP
WHSE.
BLDG. & GRDS.
VEHICLE
PAYROLL
CLERICAL
SERV. ADVR.
SERV. ADVR.
SERVICE REPRESENTATIVES
DIRECTORY CLK.
SERVICE REPRESENTATIVES
INST. F'MN.
PBX F'MN
INSTALLERS
INSTALLER REPAIRMEN
CHIEF OPERATOR
OPERATORS
TRAF. CLERK
PLT. SERV. F'MN.
CHIEF SWITCH MAN
TESTMEN
REPAIR CLERKS
LINE ASSIGN.
C.O. F'MN.
C.O SUB F'MN.
SWITCHMEN
SWITCHMEN

CITY OF ANCHORAGE

DEPARTMENT: Telephone Utility — Operating Accounts — DETAIL

CODE	CLASSIFICATION	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966	MANAGER RECOMMENDS 1966	COUNCIL APPROVED 1966
	OPERATING REVENUES					
2500	Subscriber Stations	3,300,000	3,300,000	3,700,000	4,000,000	4,000,000
2501	Public Telephones	85,000	110,000	125,000	125,000	125,000
2510	Toll Service	335,000	429,000	420,000	420,000	420,000
2521	Telegrams	27,000	26,000	27,000	27,000	27,000
2523	Directory	8,000	8,000	8,000	8,000	8,000
2526	Other Operating Revenue	30,000	48,000	10,000	10,000	10,000
2530	Uncollectible Accounts	(35,000)	(35,000)	(40,000)	(40,000)	(40,000)
	Total Revenue	3,750,000	3,886,000	4,250,000	4,550,000	4,550,000
	OPERATING EXPENSE					
	Maintenance					
2801	Repair - Pole Lines	1,000	4,400	2,400	2,400	2,400
2802	Repair - Aerial Cable	75,000	144,100	100,000	100,000	100,000
2803	Repair - Underground Cable	3,500	10,000	8,800	8,800	8,800
2804	Repair - Buried Cable	3,500	26,800	5,600	5,600	5,600
2806	Repair - Aerial Wire	68,000	32,000	70,000	66,500	66,500
2807	Repair - Underground Conduit	1,000	2,200	1,250	1,250	1,250
2603	Test Desk Work	68,000	70,200	70,000	81,700	81,700
2604	Repair - Central Office Equipment	235,000	276,300	298,000	285,000	285,000
2605	Repair - Station Equipment	384,000	518,100	474,000	480,400	480,400
2606	Repair - Buildings and Grounds	6,600	10,000	14,800	14,800	14,800
2610	Maintenance - Transmission Power	7,000	5,900	7,000	7,000	7,000
	Total Maintenance Expense	852,600	1,100,000	1,051,850	1,053,450	1,053,450
	Depreciation					
2608	Depreciation	728,000	728,000	910,000	910,000	910,000
	Extraordinary Retirement			160,000	160,000	160,000
	Total Depreciation	728,000	728,000	1,070,000	1,070,000	1,070,000

DEPARTMENT Telephone Utility	Operating Accounts	DETAIL

CODE	CLASSIFICATION	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966	MANAGER RECOMMENDS 1966	COUNCIL APPROVED 1966
	OPERATING EXPENSE (Continued)					
	Traffic					
2621	General Traffic Supervision	4,700	7,700	14,000	14,000	14,000
2624	Operator's Wages	165,000	172,100	196,600	189,700	189,700
2631	Miscellaneous Expense	2,000	8,200	7,000	7,000	7,000
	Total Traffic Expense	171,700	188,000	217,600	210,700	210,700
	Commercial					
2642	Advertising	5,000	5,800	15,000	15,000	15,000
2643	Sales Expense	25,000	27,400	41,000	43,500	43,500
2644	Connecting Company Relations				1,300	1,300
2645	Local Commercial Operations	96,000	130,400	227,000	247,000	247,000
2648	Public Telephone Commission	5,000	6,100	12,500	12,500	12,500
2649	Directory Expense	10,000	20,300	17,200	17,300	17,300
	Total Commercial Expense	141,000	190,000	312,700	336,600	336,600
	General Office					
2661	Executive Department	53,000	59,550	60,000	72,000	72,000
2662	Accounting and Collection	280,000	350,400	250,100	223,000	223,000
2664	Legal Department	13,300	14,450	15,000	15,600	14,600
2665	Other General Expense	6,700	16,600	10,200	10,200	10,200
	Total General Office Expense	353,000	441,000	335,300	320,800	319,800
	Other Operating Expense					
2668	Insurance	39,000	46,500	47,000	47,000	47,000
2671	Operating Rents	36,000	44,900	44,200	44,300	44,300
2672	Relief and Pension	44,500	56,500	90,000	91,000	91,000
2673	Telephone Franchise Requirement	20,000	29,300	30,000	30,000	30,000
2675	Other Expense	5,000	14,100	32,200	32,400	32,400
2676	Telephone Franchise Requirement	(20,000)	(29,300)	(30,000)	(30,000)	(30,000)
	Total Other Operating Expense	124,500	162,000	213,400	214,700	214,700

DEPARTMENT		DETAIL
Telephone Utility	Operating Accounts	

CODE	CLASSIFICATION	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966	MANAGER RECOMMENDS 1966	COUNCIL APPROVED 1966
2305	Payment in Lieu of Tax	187,900	215,000	174,038	176,813	227,331
	Non-Operating Expense					
2335	Interest	251,621	242,000	418,500	418,400	418,400
2677	Operating Expense Charged to Construction	(62,500)	(62,000)	(62,500	(65,800)	(65,800)
	TOTAL EXPENSE	2,747,821	3,204,000	3,730,888	3,735,663	3,785,181
	NET INCOME	1,002,179	682,000	519,112	814,337	764,819

Note: The figures used for the 1965 adjusted budget column have not been approved by City Council, but are in line with the recommendations of the Telephone Commission and the Administration.

TELEPHONE UTILITY

ASSESSMENT OF REVENUE ESTIMATE

1966 OPERATING BUDGET

The total operating revenue for 1966 is estimated at $4,550,000 - an increase of $800,000 over the estimated 1965 operating revenues.

Subscriber Station Revenue is expected to yield $4,000,000 - up $700,000 over 1965. With the completion of the North and South Wire Centers in June, 1965, and the concentrated installation efforts during the period June to November, 1965, the system should have a year-end total of 30,500 stations. It is expected that 4,500 additional stations will be added in 1966. The installation of large dial switchboard systems, key telephone systems, and other special business services during 1966 is expected to contribute materially to the revenue gains. 1965 produced the first installation of "data transmission" and this field is expected to increase in 1966.

Coin Telephone Revenues are expected to increase by $40,000 as more public and semi-public telephones are installed in the area. Pilot coin installations on both Elmendorf and Ft. Richardson military bases will be made in 1966, following the recent successful contract negotiations with the Corps of Engineers. The problem of "flat rate abuse" in bars and taverns is still not resolved and attempts to accomplish the removal of flat rate telephones from bars will be continued in 1966.

Message Toll and Telegram Revenues are expected to rise to an estimated $447,000 based upon a cents-per-message factor of $.9399. Negotiations with the Alaska Communications System to increase this factor to $1.15 per message are under way at the time of this budget preparation. If negotiations are successful, this revenue estimate would be revised. The increase of $58,000 over the 1965 projection is based upon the historical increase of 8% per year, plus the impact of new system subscribers added in late 1965.

It is of interest that Telegram Revenue has apparently reached a plateau and may even decline in future years. The projected use of government-owned or government-leased long lines facilities by the Federal Telecommunications System (FTS) combined with the military AUTOVON world wide system in providing what is essentially "free toll service" to all government agencies, could in the near future have a deleterious effect on our toll revenues.

With the publication of the January, 1966 telephone directory, the contract with the present publisher will expire. Bids will be called for a new contract for publishing an annual directory starting in June, 1966. Pending receipt of bids for a new publishing contract, directory revenues have been shown as $8,000, the same as the existing contract. It is expected that the new contract will substantially improve the system's position with regard to the yield from yellow page advertising.

Revenue adjustments have been programmed into the Revenue Estimate for 1966. It is recommended they be made effective on January 1, 1966. These adjustments are:

1. Non-list and Non-published Telephone Numbers

There are approximately 1,500 subscribers who, for personal or other reasons, desire not to be listed in the telephone directory, but whose number is on the "Information Records" of the Utility. There are approximately 500 additional subscribers, who, at their request, are not listed in the telephone directory nor on "Information Records". These numbers can be secured only with the permission of the Utility Manager or Operations Manager. It is obvious that the work load of "Information" is increased materially by these 2,000 subscribers not being listed in the telephone directory - and such work load results in increased operational costs to the Utility. These costs, while being borne by all subscribers to the system, benefit only a few. It seems logical, therefore, that if special service is desired, then those who want it should pay for it. Accordingly, a charge of $1.00 per month for residential lines that are either Non-List or Non-Published is recommended. In programming this change, it is expected that all but 500 of the present 2,000 subscribers will revert to a listed status rather than pay the charge. Annual revenue programmed in the 2500 account from this source is $6,000.

2. Color Telephones - Change from Monthly Rate to an Initial Charge

At present, the Utility charges $.50 per month for a color telephone (other than Starlite). The basis for this charge is the fact that color telephones require a higher inventory of piece parts and that maintenance costs are almost twice as high as for standard black. Color sets discolor for various reasons and piece parts cannot be matched - so the entire housing and handset must be replaced. The recurring rate is a source of irritation to subscribers, as well as a billing expense. It is recommended that in place of the $.50 monthly charge, an initial charge (one time charge) of $10.00 be made. As of December 31, 1965, an estimated 5,500 color sets were in the system. Removing the monthly rate would reduce operating income by $33,000 annually. However, in 1966, this reduction in revenue would be partially offset by application of the initial charge to an estimated 500 new color sets to be added - or $5,000. This reflects a reduction of $28,000 in operating income.

3. Residential Extension Telephones - Reduction in Monthly Rate from $2.00 to $1.25

As of December 31, 1965, residence extension telephones in service are estimated at 1,320 - an abnormally low development for a telephone system this size. The monthly rate of $2.00, established in 1961, is unquestionably a deterrant in the development of this service. It is recommended, and has been programmed in the operating revenues that this monthly rate be reduced 62% to $1.25 per month. While reduction will result in a decrease of $11,880 in operating revenue for those extensions now in service, it is expected that it will stimulate the development of the residential extension market. A gain of 2,000 extensions in 1966 is estimated to add $15,000 in operating revenue.

4. Adjustment of Initial and Subsequent Visit Charges

The present charges for initial and subsequent visit charges (connect, move, reconnect, etc.,) do not reflect the actual costs to perform the work. At the time the present charges were effective (August, 1961) the system did not have sufficient financial nor work index data to develop rates based on cost. As a result, the revenues derived from visit charges do not contribute their fair share of the total revenues.

Today's cost per man/truck hour for the installation and maintenance forces is $9.86. This is composed of the following:

Direct labor	- $6.21	per hour
	.29	per hour (average longevity)
Vehicle rental	- .70	per hour
Overhead	- 2.66	per hour (Overhead covers material handling, warehouse expense, vehicle expense, small tools, engineering expense, house service, social security, payroll tax. It is figured at 37%.)
	$9.86	

The average time charged for a new connect is 2 1/4 hours; a reconnect 1 1/4 hours; a reinstall 1 1/4 hours; a relocation (not a change of address) 1 hour; a change of address 2 1/2 hours and a disconnect 1/2 hour. All of these times include travel time to and from the customer's premises. The system uses a "unit" system of measurement for scheduling work loads as follows: new connect, 2 units; reconnect, 1 unit; reinstall, 1 unit; disconnect, 1/2 unit; and a change of address, 2 1/2 units.

A straight hourly cost projection on the unit measurement system would yield as follows; new connect, $19.72; reconnect, $9.86; reinstall, $9.86 and a change of address $24.65. Recognizing that all classes of work orders do not take the same time, and recognizing that the system should recover its costs, it appears that adjustments in the initial and subsequent visit charges should reflect at least the "average" of hours and cost. Based on this approach, the following adjustments have been programmed in this budget:

PRESENT RATES	Within BRA	Outside BRA	PROPOSED RATES (For Entire System)
Initial Visit Charge - to			
Install Business & Semi-Public (each Line)	$12.00	$15.00	$20.00
Install Residence - (each line)*	10.00	12.00	17.50 (1)
Install Jack	7.00	8.00	10.00
Install 9' cord	4.00	5.00	10.00
Install 13' cord	5.00	6.00	10.00
Install Business Extension or PBX Station	5.00	6.00	10.00
Subsequent Visit Charge - to			
Change Address			
Business or Semi-Public (each line)	12.00	15.00	20.00
Residence - each line	10.00	12.00	17.50
Install Extension			
Business or PBX Station - each	7.00	8.00	10.00
Residence - each	6.00	7.00	10.00
Change Location - each item	6.00	7.00	10.00
Change Color - each item	6.00	7.00	10.00
Change Type of Instrument - each item	6.00	7.00	10.00
Reconnect - in place			
Business	7.00	8.00	10.00
Residence	5.00	6.00	10.00
Add Loud Bell - each item	6.00	7.00	10.00
Add Spring on Long Cord - each	6.00	7.00	10.00
Restoral of Service (each occurance)	6.00	7.00	17.50 (delinquency only)
Intercept Service (each occurance)	7.00	7.00	10.00 (Subscriber request)
Color - each set			10.00 (In addition to appropriate visit charge.)

(*) Up to four (4) telephones in color may be installed for no additional charge.

(1) A main telephone and two extensions may be installed for no additional charge on the initial visit only.

It should be noted that the differentials existing between those subscribers "outside" the City limits and those "inside" the City limits have been eliminated in the proposed rates.

Revenues from initial and subsequent visit charges are projected on the basis of service order activity. Detailed below are the revenue yields from both the present and the proposed rates:

Item	Expected Activity	Present	Proposed
Connect Orders	17,500	$131,250 (1)	$207,875 (4)
Change Address	12,500	56,250 (2)	177,000 (4)
Change or Miscellaneous	15,500	93,000 (3)	155,000 (5)
		$280,500	$539,875

(1) Composite rate of $7.50 per order to average initial, subsequent, inside and outside City, business and residence.

(2) Composite rate of $7.50 per order to average inside and outside City, business and residence.

(3) Composite rate of $6.00 per order to reflect miscellaneous key equipment, cards, etc., for both inside and outside City.

(4) Yield computed 30% business @ composite rate of $15.00; 70% residence at composite rate of $13.75.

(5) Yield computed 100% @ rate of $10.00.

It is recognized that the revenue adjustments programmed in the 1966 revenue estimate must be approved by Council after the necessary public hearings and promulgated by Ordinance. It is the recommendation of the City Administration, Telephone Commission and Utility Management that these revenue adjustments be approved and made effective January 1, 1966.

TELEPHONE UTILITY

ASSESSMENT OF EXPENSE ESTIMATE

1966 OPERATING BUDGET

GENERAL

With the successful cut-over to new equipment in June, 1965, and the period of adjustment that is now going on, the year 1966 should see the maximum utilization of the new system and a continued improvement in the quality of service. Along with the service improvements and expanded central office capacity, there have come some inevitable increased expenses. The requirement of additional personnel to man the larger system; interest income that had been on a moratorium is fully due; depreciation has been readjusted to a more realistic view, and may be modified even more in the light of the American Appraisal's report; the need to schedule the extraordinary retirement of the old central office equipment; all go hand in hand in increasing the expense of operating a constantly growing system.

The method used for computing "payment in lieu of taxes" has been based upon the approach used by American Appraisal Company. It is based upon 7% of the revenues (less message toll, telegram and directory revenues) generated within the corporate limits. This was estimated to be 65% of the defined revenues.

Contribution to the General Fund has been based upon the System's ability to pay "up to 25%" of Net Income, after payment of debt principal and reserve. This is a departure from the present method of tying in with Plant Investment, and must, of course, be approved by Council. The Administration, Telephone Commission and Utility Management recommend the approach used in this budget as being more reasonable and equitable toward the system.

MAINTENANCE EXPENSE

In this budget, the operating expenses of the system have been recognized and no arbitrary cuts in Maintenance accounts have been made, as in prior years. The Administration and Telephone Commission have noted that in 1965 projected expenses were more realistic than the original budget as approved, and over-runs had to be made from monies other than revenues. There is a question in some areas that overall maintenance costs are too high, and indeed they are high when compared to some typical "South 48" operating companies. However, when compared to other Alaskan operating companies, a totally different picture may be had. For example, in 1964, Maintenance cost per station (telephone) for Fairbanks was $34.00; for Alaska Telephone - $42.00; and for Anchorage - $33.00. There are two major reasons why Alaskan costs are higher than stateside - First, a Union contract that does not permit the full exercise of managerial prerogatives; and second, the higher costs incurred by short daylight hours during the major part of the year. In the case of Anchorage, the situation has been made more acute by the heavy outlays for capital expenditures to improve and expand the system - and as long as these outlays continue to be required, our maintenance costs will be affected. Maintenance costs are 85% labor, with the balance going for material, small tools, and repair parts. The existence of a Union contract, such as the City now has with the IBEW does have a profound effect upon total maintenance costs.

TRAFFIC EXPENSE

There is no significant increase in these accounts other than wage payments for new personnel that have been added.

COMMERCIAL EXPENSE

The rather outstanding increase in these accounts reflects two major changes. First, the addition of another employee in the Sales and Service section; Account 2645, Local Commercial Operations reflects the proper account coding for those employees at City Hall who perform work for the Utility. Previously all of the charges allocated to the Utility were bulked in Account 2662 which now shows a corresponding decrease.

GENERAL OFFICE EXPENSE

Aside from the decrease in Account 2662, the only other change is reflected in 2661 by the recommended addition of an Assistant Utility Manager as discussed further in the budget section on Personnel.

OTHER OPERATING EXPENSE

In these accounts the increases are directly related to the higher cost of insurance for coverage on the new physical plant, and the change effective January 1, 1966, in Social Security payments. In Account 2675, an amount of $25,000 has been programmed for a new Toll Separations Study to commence about July, 1966. This is necessary to take advantage of the value of the new physical plant that has been added since 1962 in our continued efforts to secure a better "cents per message" rate from ACS.

DEPRECIATION

It will be noted that the amount for depreciation is considerably over the Council approved 1965 figure. This reflects the Utility Plant Accountant's view of what will be required under the present rates. There is some indication from the American Appraisal Company report that the present depreciation rates need to be adjusted upwards in some areas. To this, the Utility Management agrees. The retirement of the old BRoadway, FAirfax and DIamond central offices, along with the projected retirement of the present FEderal central office in 1967, has forced the Utility to schedule extraordinary retirement of this equipment. It is estimated that this will require setting aside $1,600,000 to be spread over 10 years starting in 1966. There is virtually no market for this old equipment and all efforts to dispose of it by sale have brought no response. The land and buildings have definite value and will be offered for sale, but it appears that the equipment itself will have to be sold for junk. To reflect this 10 year retirement schedule, Account 138 has been established with $160,000 programmed for 1966.

PERSONNEL

Completion of Phase I and the start of modified Phase II of the Utility Expansion and Improvement Program in 1965 virtually doubled the physical plant of the system. In 1966, these plant additions will continue. With the clearing of most of the backlog of held orders in 1965, the number of subscribers who desire better grades of service, service rearrangements and additional service is on the increase. These same subscribers are also demanding that their requests be cared for in a shorter period of time than the Utility has been able to muster to date. To maintain the expanded system, to try to meet the subscriber demand of service on a "when wanted - where wanted" basis, requires that additional personnel must be added. In this 1966 budget, 12 new personnel are requested. Detailed hereafter is the distribution of personnel - 1965 and 1966.

Traffic Section (1965 - 1 Management, 21 Union. 1966 - 2 Management, 26 Union.)

The traffic Section generally consists of the operators necessary to cover the six position Dial Service Assistance switchboard on a 24-hour basis. Also included is the Traffic and Equipment Engineer. Programmed for 1966 are two new employees - a Traffic Engineer and a Traffic Clerk. The Traffic Engineer is a management position of specialized technical skill. With the growth of the system and the need to consider all telephone systems in the area as a single complex (Elmendorf, Ft. Richardson, ACS, MTA, etc.), the dual responsibilities of Equipment Engineering and Traffic Engineering now assigned to the Traffic and Equipment Engineer need to be split. The Traffic Engineer's responsibilities would include the engineering of trunk complements, switching patterns and toll separation studies with ACS. This is a highly technical position and recruiting the proper person may prove to be a difficult job. Experience since June, 1965, has indicated that an additional Traffic Clerk is needed to maintain the "Information" records at the DSA board. At present the operating force consists of a Chief Operator, Traffic Clerk, 14 regular operators and 9 part-time operators. The part-time employees are on call and work only when illness, vacation, or unusual loads tax the capacity of the regular employees. To accomplish the clerical work required in conncection with adding new subscribers, number changes, etc., the additional clerk is necessary. 100% salary allocation to Operations.

Plant Service Section (1965 - 1 Management, 16 Union)

No change in 1966 salary allocation - 50% Operations, 50% Capital.

Central Office Section (1965 - 0 Management, 14 Union. 1966 - 0 Management, 19 Union.)

Central office capacity increased from 9,500 lines to 20,200 lines in the past year and experience with the new equipment has indicated that while a major increase in force is not required to maintain and routine it, the work to be done at the main frame (because of high service order activity) has proven more than our estimates of 1965. Also, to perform the needed routines and to clear the troubles detected by the automatic routiner has also proven to require more manhours than the salesman for the equipment manufacturer indicated to Council. To adequately meet the demands, it is proposed that 1 additional switchman be programmed in 1966. Salary allocation 100% Operations.

Commercial Section (1965 - 1 Management, 11 Union.)

No change in 1966. Salary allocation, 100% Operations.

PBX and Key Section (1965 - 1 Management, 18 Union. 1966 - 1 Management, 20 Union.)

This group is responsible for the installation and maintenance of all key systems, medium and large dial switchboard systems. For the past two years this section has averaged nearly six weeks behind in its scheduling, and this would have been closer to 10 weeks had not the Utility called upon the supplier manufacturer to "turnkey" six large dial installations. The work load of this section does not give any indication in 1966 of lessening, but rather of increasing as new commercial and business enterprises continue to enter the area economy at a rapid pace. Subscriber satisfaction demands order completion intervals of less than 6 weeks. Two additional employees are programmed; one installer-repairman to augment the systems in lieu of having the supplier do it, and when not assigned to these jobs will install central office additions, special central office trunk additions, etc., in lieu of having the supplier perform this work. Salary allocation of installer-repairman 65% Operations, 35% Capital; and of the equipment installer 10% operations and 90% Capital.

Installation Section (1965 - 0 Management, 19 Union. 1966 - 0 Management, 19 Union.).

An additional Foreman is programmed to provide adequate supervision of the 18 installers. Station installers work alone with no direct supervision and it is virtually impossible for one foreman to cover his section scattered over 110 square miles of operating territory. It is expected the new foreman will come from the installer ranks; if so, there will be no replacement.

Maintenance Section (1965 - 0 Management, 11 Union. 1966 - 0 Management, 13 Union.)

These employees answer the troubles reported by subscribers to Repair Service as regards to station equipment other than PBX and Key. They do repair and maintain such special equipment as answering devices, speaker-fones and auto-dialers. Routine and preventive maintenance, as well as transferring old physical plant to new, resulting from capital expansion programs is also the responsibility of this group. With the increase in subscriber telephones addition of physical plant, the present force cannot cope with the work load. To meet the programmed changes as well as the demands of subscribers via repair service, two additional repairmen are required. Salary allocation, 100% Operations.

Administrative Services Section (1965 - 5 Management, 5 Union.)

No change in 1966. Salary allocation 55% Operations, 45% Capital.

Engineering Section (1965 - 2 Management, 8 Union. 1966 - 3 Management, 9 Union)

Building and subdivision development in the area have reached such proportions that it requires a full time engineer to advise architects, builders and subscribers of conduit and buried plant specifications. In attempting to meet this demand in 1965, it has been necessary to utilize a plant engineer on a demand basis. This has resulted in delays of getting work prints to the construction forces. A conduit and Buried Plant Engineer is programmed in 1966. Salary allocation, 15% Operations, 85% Capital.

Construction/Splicing Section (1965 - 1 Management, 11 Union. 1966 - 1 Management, 22 Union)

While the budget for 1965 indicates an authorization of 12 people, and the present strength is 21, it should be pointed out that linemen and splicers are on a day-to-day basis as the construction projects are engineered and sent to the field. In working out what would be the correct force to maintain, on a Table of Organization basis, should all expansion work cease, it is recommended that a normal force requirement would require an additional splicing team. This would then call for 1 Management and 13 Union employees. An additional splicer and helper are programmed. Salary allocation, 15% Operations, 85% Capital.

Sales and Service Section (1965 - 2 Management, 0 Union. 1966 - 3 Management, 0 Union)

These two men respond to the demands of the business segment of the system, now about 32% of our customers. Based upon their knowledge of the subscribers' business, it is their responsibility to design, price and sell the proper communication needs of business; from coinbox to dial systems larger than some operating telephone companies in Alaska. It is also their responsibility to see that the service is installed, when and how wanted and that all other departments affected coordinate their efforts. The demands of the business segment have and will continue to exceed the time availability of the present two employees. Increased revenue is the result of their effort, as well as meeting commitments within a reasonable time. To accomplish these two goals, an additional Communications Consultant is programmed. Salary allocation, 100% Operations.

Payroll and Accounting (1965 - 0 Management, 1 Union. 1966 - 1 Management, 3 Union. (Incl. S.W. Operator)

No change in 1966. Salary allocation, 80% Operations, 20% Capital.

Executive Section (1965 - 3 Management, 0 Union. 1966 - 4 Management, 0 Union)

At present, this group consists of the Utility Manager, Operations Manager and a Secretary used by both. The Operations Manager has a full time job in fulfilling the tasks of "running" the system's day-to-day operations to the extent that he is not in a position to be abreast of the overall system objectives, plans and programs. The Utility Manager, on the other hand, is spending nearly 40% of his time involved in detail that is unavoidable either by contract, customer insistence, or directive. Administrative detail, while at the same time maintaining a grasp of the overall system plans and objectives, is an area that could be best cared for by an Assistant Utility Manager. Implementation of this position would permit the Manager to exercise more stringent control over the broad fiscal, operational and planning functions of the system. Salary allocation, 75% Operational, 25% Capital.

The total force for the system is composed of 22 Classified employees (including custodial and clerical) and 163 Union employees to be effective in 1966; included in the Union figure are 13 Foremen. It should be noted that in the case of the Construction/Splicing Section, the number of employees varies from month to month depending upon the construction and splicing work in progress.

It should also be pointed out that the City IBEW Contract has a "wage opener" in May, 1966. While the Municipal Light and Power Contract with the IBEW has an automatic 3.5% wage increase, Telephone does not. Any gains made by the IBEW must, therefore, be added to our estimated operational and construction expenses. The present basic wage for a Journeyman is $6.21 per hour, a 3.5% increase would raise this to $6.427 or an increase of nearly $.22 per hour.

TELEPHONE UTILITY DEPARTMENT
INCOME AVAILABLE FOR DEBT REQUIREMENT
1966

In accordance with past bond covenants, The City of Anchorage will establish, maintain and collect rates for telephone service that will provide revenue available for revenue bond debt service equal to at least 1.9 times the amount required each calendar year hereafter to pay the principal of and interest on the Prior Lien Bonds and the Bonds. The "revenue available for revenue bond debt service" is hereby defined as the gross earnings and revenue of the Telephone Utility less costs of maintenance and operation of the same, but before depreciation.

	Adjusted Budget 1965	Tel. Mgr. Budget Recom. 1966	City Mgr. Budget Recom. 1966	Council Approved Budget 1966
1. Gross Operating Revenue	$3,886,000	$4,250,000	$4,550,000	$4,550,000
2. Less: Operating Expenses	2,019,000	2,068,350	2,070,450	2,069,450
3. Net Income Available	1,867,000	2,181,650	2,479,550	2,480,550
4. Principal and Interest Requirement	812,000	958,500	958,400	958,400
5. Ratio-Income Available to Income Required	2.30	2.28	2.59	2.59

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER	PERSONNEL SCHEDULE
Telephone Utility				

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
MANAGEMENT										
Manager	39	1480-1732	1	1	1	20,214	1	20,214	1	20,214
Assistant Manager	34	1217-1423	0	0	1	14,604	1	14,604	1	14,604
Plant Operations Manager	34	1217-1423	1	1	1	17,076	1	17,076	1	17,076
Plant Operations Engineer	34	1217-1423	1	1	1	14,604	1	14,604	1	14,604
Traffic & Equipment Engineer	32	1125-1315	1	1	1	15,580	1	15,580	1	15,580
Assistant Traffic & Equipment Engineer	32	1125-1315	0	0	1	13,500	1	13,500	1	13,500
Outside Wire Chief	32	1125-1315	1	1	1	14,796	1	14,796	1	14,796
Inside Wire Chief	32	1125-1315	1	1	1	14,557	1	14,557	1	14,557
Construction Supervisor	32	1125-1315	1	1	1	15,630	1	15,630	1	15,630
Administration Service Supervisor	32	1125-11 1315	1	1	1	14,486	1	14,486	1	14,486
Sales & Service Supv.	32	1125-1315	1	1	1	15,832	1	15,832	1	15,832
Plant Extension Engineer	32	1125-1315	1	1	1	14,181	1	14,181	1	14,181
Conduit & Bur. Plt. Engineer	30	1040-1217	0	0	0		1	12,480	1	12,480

CITY OF ANCHORAGE

PERSONNEL SCHEDULE

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER
Telephone Utility			

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
MANAGEMENT (Continued)										
Plant Accountant	30	1040-1217	0	1	1	14,275	1	14,275	1	14,275
Communications Consultant	28	962-1125	1	1	2	23,316	2	23,316	2	23,316
Commercial Supervisor	27	925-1081	1	1	1	11,544	1	11,544	1	11,544
Secretary	16	600-702	1	1	1	7,608	1	7,608	1	7,608
Clerk-Steno II	11	494-577	1	1	1	6,137	1	6,137	1	6,137
Custodian	9	456-534	3	3	3	17,309	3	17,309	3	17,309
			17	18	21	265,249	22	277,729	22	277,729
COMMERCIAL SECTION										
Business Office Supv.		5.46 Hr.	1	1	0		0		0	
Service Representative I		3.57	4	4	5	36,891	5	36,891	5	36,891
Service Representative II		3.73	3	3	2	16,166	2	16,166	2	16,166
Service Advisor		4.71	0	0	2	19,029	2	19,029	2	19,029
Service Order Clerk		3.73	1	1	0		0		0	
Directory Clerk		3.73	1	1	1	8,770	1	8,770	1	8,770
Billing Clerk		3.73	1	1	1	8,196	1	8,196	1	8,196
			11	11	11	89,052	11	89,052	11	89,052

CITY OF ANCHORAGE

PERSONNEL SCHEDULE

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER
Telephone Utility			

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
TRAFFIC SECTION										
Chief Operator		4.71 Hr.	1	1	1	9,159	1	9,159	1	9,159
Senior Operator		4.19	4	4	4	43,796	4	43,796	4	43,796
Operator		3.73	10	10	10	82,269	10	82,269	10	82,269
Traffic Clerk		3.57	1	1	2	14,829	2	14,829	2	14,829
Part-Time Operator		3.73	5	9	9	32,944	9	32,944	9	32,944
			21	25	26	182,997	26	182,997	26	182,997
WAREHOUSE & MOTOR EQUIPMENT SECTION										
Head Warehouseman		5.71 Hr.	1	1	1	11,187	1	11,187	1	11,187
Warehouseman		5.23	1	1	1	11,289	1	11,289	1	11,289
			2	2	2	22,476	2	22,476	2	22,476
CENTRAL OFFICE SECTION										
Chief Switchman		7.08 Hr.	1	1	1	14,500	1	14,500	1	14,500
Foreman		6.99	1	2	2	30,663	2	30,663	2	30,663
Sub-Foreman		6.50	3	3	3	42,289	3	42,289	3	42,289
Switchman		6.21	9	10	11	144,895	11	144,895	11	144,895
Apprentice		4.66	0	2	2	17,076	2	17,076	2	17,076
			14	18	19	249,423	19	249,423	19	249,423

CITY OF ANCHORAGE

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER	PERSONNEL SCHEDULE
Telephone Utility				

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
PLANT SERVICE SECTION										
Plant Service Foreman		6.99 Hr.	1	1	1	14,041	1	14,041	1	14,041
Line Assigner		6.21	4	4	3	38,013	3	38,013	3	38,013
Line Assignment Clerk		3.57	3	3	3	22,651	3	22,651	3	22,651
Repair Clerk		3.57	2	2	2	15,284	2	15,284	2	15,284
Test Boardman		6.21	3	3	3	39,089	3	39,089	3	39,089
Plant Dispatch Clerk		3.57	1	1	1	7,821	1	7,821	1	7,821
Locate Clerk		3.57	1	1	1	7,521	1	7,521	1	7,521
Estimate Assigner		6.21	1	1	1	12,437	1	12,437	1	12,437
Group Assigner		6.50	0	0	1	13,842	1	13,842	1	13,842
			16	16	16	170,699	16	170,699	16	170,699
INSTRUMENT REPAIR SECTION										
Sub-Foreman		6.50 Hr.	1	1	1	13,726	1	13,726	1	13,726
Repairman		6.21	1	1	1	12,720	1	12,720	1	12,720
Shop Repairman		5.78	1	1	1	12,071	1	12,071	1	12,071
			3	3	3	38,517	3	38,517	3	38,517
INSTALLATION SECTION										
Installation Foreman		6.99 Hr.	1	1	2	27,270	2	27,270	2	27,270
Installer/Repairman		6.21	18	18	18	244,954	17	212,687	17	212,687
			19	19	20	272,224	19	239,957	19	239,957

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER	PERSONNEL SCHEDULE
Telephone Utility				

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
PBX AND KEY SECTION										
PBX Foreman		6.99 Hr.	1	1	1	14,210	1	14,210	1	14,210
PBX Sub-Foreman		6.50	1	1	1	12,807	1	12,807	1	12,807
PBX Installer/Repairman		6.21	16	16	20	220,204	18	198,184	18	198,184
			18	18	22	247,221	20	225,201	20	225,201
MAINTENANCE SECTION										
Maintenance Foreman		6.99 Hr.	1	1	1	14,307	1	14,307	1	14,307
Installer/Repairman		6.21	10	10	13	163,896	12	151,289	12	151,289
			11	11	14	178,203	13	165,596	13	165,596
ENGINEERING SECTION										
Engineering Foreman		6.99 Hr.	1	1	1	14,888	1	14,888	1	14,888
Plant Engineer II		6.52	1	1	1	13,126	1	13,126	1	13,126
Plant Engineer I		6.21	3	3	3	38,391	3	38,391	3	38,391
Engineering Fieldman		5.28	0	0	0		0		0	
Records Engineer		5.90	1	1	1	11,752	1	11,752	1	11,752
Draftsman/Woman		5.28	1	1	2	21,511	2	21,511	2	21,511
Clerk Steno (Clerk III)		3.73	1	1	1	7,892	1	7,892	1	7,892
			8	8	9	107,560	9	107,560	9	107,560

CITY OF ANCHORAGE

DEPARTMENT	DIVISION	ACCOUNT TITLE	ACCOUNT NUMBER	PERSONNEL SCHEDULE
Telephone Utility				

POSITION TITLE	GRADE	PAY RANGE	ORIGINAL BUDGET 1965	ADJUSTED BUDGET 1965	DEPARTMENT REQUEST 1966		MANAGER RECOMMENDS 1966		COUNCIL APPROVED 1966	
ACCOUNTING SECTION										
Accountant I		3.57 Hr.	0	1	1	7,641	1	7,641	1	7,641
Payroll Clerk		4.17	0	1	1	8,441	1	8,441	1	8,441
Clerk Steno			1	0	0		0		0	
			1	2	2	16,082	2	16,082	2	16,082
Switchboard Operator		2.80	0	1	1	5,837	1	5,837	1	5,837
			141	152	166	1,845,540	163	1,791,126	163	1,791,126
CONSTRUCTION/SPLICING SECTION (As Needed)										
Construction Foreman		6.99 Hr.	1	1	1	14,907	1	14,907	1	14,907
Construction Sub-Foreman		6.50	1	1	1	14,133	1	14,133	1	14,133
Lineman		6.21	5	6	6	86,308	6	86,308	6	86,308
Cable Splicer		6.99	2	5	6	85,365	6	85,365	6	85,365
Cable Splicer's Helper		6.21	2	5	6	74,976	6	74,976	6	74,976
Splicing Foreman		6.99	0	1	1	15,624	1	15,624	1	15,624
Construction Clerk		3.57	0	1	1	7,479	1	7,479	1	7,479
			11	20	22	298,792	22	298,792	22	298,792

TELEPHONE UTILITY
ESTIMATED CAPITAL EXPENDITURES
(1966 - 1967)

GENERAL

The Utility was authorized $2,500,000 in Revenue Bonds in May 1965 for the purpose of continuing the expansion of Phase I for a two-year period. With the continuing rapid commercial and residential construction, and the unabated demand for new service, upgrades in service and unfilled requests for new and more sophisticated systems by business customers, it was quite obvious that this amount would not be sufficient to do the job. These bonds were sold in July 1965 and are being used for current projects. In October 1965 the citizens authorized an additional $7,000,000 in Revenue Bonds - to cover a span of two years. These bonds have not been sold to date. It is expected that these combined funds will provide sufficient capital monies for the Utility to meet most of the demands made upon it between July 1965 and January 1968. How well this can be accomplished depends largely upon the momentum of the general economy of the Greater Anchorage Area. Prior to the authorization of October 1965, the Utility had prepared a 10-year funding program that indicated a requirement of $23,000,000 - with $14,000,000 required between 1965 and 1970, and $9,000,000 between 1970 and 1975. It is the Administration's intent to present a scheduled program to the Council for consideration during 1966 for either voter approval of revenue bonds or Council authorization by virtue of voter approval for a charter change deleting revenue bonds from referendum requirements; or that some other method be used to permit the system to know that it can meet anticipated capital needs before they become an actuality and a crash program must be initiated. The Utility is fortunate that it has been authorized $9,500,000, but it is still faced with the unanswered problem of - "After 1968 - what?"

PROGRAM OF EXPENDITURES - 1965 - 1966

In July 1965 the Utility had available for capital expenditures the following monies:

(a) 1965 Revenue Bonds (May)	$2,500,000
(b) 1965 Depreciation	642,000
	$3,142,000

The programmed use of these funds was as follows:

(a) Repayment of Contribution advanced for construction	$ 433,000
(b) Purchase of telephones, key equipment, etc.	467,000
(c) Station Installations - labor	725,000
(d) Construction of Outside Plant - routine & specific	1,050,000
(e) Central Office Equipment & Additonal Trunking	300,000
(f) Tools, Supplies & Building Additions	72,000
(g) Contingency	95,000
	$3,142,000

However, two developments in the Fall of 1965 have curtailed these programed expenditures rather severely. First was the ruling by the City Attorney that 5-year purchase agreements were not valid; and second, that in order to meet the anticipated over-run of operational expense in 1965 funds would have to be transferred from the depreciation monies available for construction. The payment for dial PABX systems that were to be under purchase agreements required approximately $140,000, and the transfer for over-runs amounts to approximately $153,000. Thus the programmed expenditures have necessarily been curtailed by $300,000. To meet these changes the building addition to the warehouse was deleted, and the contingency was used for a total of $145,000 - the balance must come from outside plant projects funded under the 1965 Bond and 1965 Depreciation program being curtailed.

With the advent of the authorization for $7,000,000 in October 1965 it appears that for 1966-1967, the following funds are available:

(a)	1965 Revenue Bonds (Oct.)	$7,000,000
(b)	1966 Depreciation	910,000
		$7,910,000
(c)	Less: 1963 Bond Over-runs	(372,000)
(d)	Total Funds Available	$7,538,000

Estimates at this time indicate that capital commitments for 1966 will aggregate $4,400,000 and will consist generally of:

(a)	Station Installations (labor)	$ 825,000
(b)	Purchase of Telephones, Key Equipment, etc.	400,000
(c)	Construction of Outside Plant - Routine & specified Projects	2,500,000
(d)	Land and Building - new EAST Wire Center	140,000
(e)	Central Office Equipment & Associated Trunking - East Wire Center	350,000
(f)	Purchase of PBX/PABX equipment	150,000
(g)	Purchase of Tools, Vehicles, Furniture, etc.	75,000
(h)	Building Additions & Modifications (Warehouse, old BR)	75,000
(i)	Continuing Property & Valuation Study	75,000
(j)	Miscellaneous COE additions	75,000
		$4,665,000

It is certain that of these estimated commitments, some will necessarily carry over into 1967 before completion. However, in keeping with the system policy established in 1963, funds once committed are not closed at year end, with unexpended funds being listed as available for the following year.

Based upon expected commitments for 1966 it would appear that funds would be available in 1967 as follows:

(a) 1965 Revenue Bonds (Oct.)	$3,073,000
(b) 1967 Depreciation	990,000
	$4,063,000

Starting in 1968 it is evident that additional capital funds will be required if the system is to meet the projected main station demand as indicated by the graph below: