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Meeting

A Report to The Alaska Legislature in Response to Intent Language Regarding Telecommunications in the FY 88 Operating Budget

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By

The Department of Administration, Division of Telecommunications
The House Special Committee on Telecommunications
The Alaska Public Broadcasting Commission
The Office of Management and Budget, Division of Policy

STATE OF ALASKA STEVE COWPER, GOVERNOR

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EXECUTIVE SUMMARY

Legislative intent language inserted in the FY88 budget charged a review team from the Department of Administration, the House Special Committee on Telecommunications, the Alaska Public Broadcasting Commission, and the Division of Policy/Office of Management and Budget (OMB) with examining the existing Rural Alaska Television Network (RATNET) system, and public television, with the task of identifying cost efficiencies that might be implemented in the FY89 budget.

The legislature directed the review team to undertake eight specific tasks. The nature of these tasks, and the progress made on them to date, is summarized below:

1. Discussions between Alascom and OMB are on-going concerning the accuracy of assumptions made to develop expense versus saving estimates for four alternatives: State ownership of all earth stations (downlinks) comprising the RATNET system; competitive bid of the RATNET system; and two reduced rate options offered by Alascom.

2. A complete listing clarifying ownership and maintenance responsibilities for RATNET earth stations and related equipment is appended. The State is the owner of 102 small earth stations, Alascom of 146. The State also owns 248 RATNET low power television transmitters (LPTVs), and 235 LPTVs left inactive after funding for the LearnAlaska network was eliminated. Uplinks in Juneau and Anchorage, satellite transponders, and television operations

center time are leased from Alascom. Maintenance responsibilities are borne primarily by the Division of Telecommunications, but Alascom receives some funding from the State for minor repairs.

3. The State could easily transfer its licenses for the unused LearnAlaska LPTVs to local entities, or to a regional or private non-profit organization at the same time that title to equipment is transferred. A group or entity to accept the ownership responsibilties would have to be located or created. Local ownership would open up the feasibility of broadcasting local productions and video tapes, provided that commercial quality video cameras and tape recorders are purchased. An equity concern has been raised, however, regarding the benefit of such a transfer to quite small communities.

Retention of the licenses and LPTVs by the State would allow the State to take advantage of future satellite technologies which might permit increased service for present cost.

4. License transfers to local entities would open up the possibility of receiving alternative commercial broadcasting. There is at least one company that provides such programming to cable companies, and that would be willing to provide programming to local licensees for a relatively small fee. In order to enable access to different satellites, however, the purchase of small earth stations would be required in 146 locations where Alascom currently owns the earth station. The cost of each earth station is estimated at $17,000 including installation.

If this service were used to replace the RATNET system entirely, rather than operate in conjunction with a RATNET system carrying solely public television, approximately $600,000 more would be required to pay Alascom termination liability on those earth stations. This last option could create as many as 248 more independent local broadcasting facilities, and any benefits stemming from a statewide system would be precluded, e.g., statewide emergency broadcasting, instructional television, or data transmissions riding the video signal.

These types of services are under legal challenge regarding copyright. Alaska broadcasters believe rebroadcasting of imported signals by the proposed mini-tv stations would be piracy.

5. Assuming that commercial programming on RATNET were replaced with public television (PTV), a total of $379,800 would be saved from the current RATNET budget and possibly $27,000 from the current APBC budget.

Any broadcast of commercial programming over a PTV system would require the removal of all advertising, imposing an additional cost on the broadcasting station, if the removal of the advertising were even allowed by the commercial program producer.

Social costs also could be imposed. Unless some other source of commercial television were available, such as the options outlined in #4 above, viewers may not desire public television as their only viewing choice. Rural viewer participation in programming decisions would be lost with the elimination of the RATNET Board.

6. KTUU, KIMO, and KTVA, Anchorage commercial broadcast stations using the State-owned Southcentral microwave network, were asked if they would be interested in paying an annual cost of approximately $7,500 each to cover their portion of the microwave network's costs. The response was negative.

7a. Transfer of the KUAC-TV/FM (Fairbanks) licenses to a community entity would be possible if the University of Alaska at Fairbanks were to agree. Representatives of the University state that they wish to retain the licenses, however, and it appears there is little public pressure for such a transfer unless the University chooses not to continue funding for the stations. If it does, a community group is standing by ready to take over both stations.

7b. Use of telecommunications by the RATNET Board was discussed at the December 3 and 4 meeting. The Board's response is included as Appendix M.

Two other potential alternatives for achieving additional cost efficiencies in the RATNET system are discussed in Section 8. The State could invest approximately $3 million to replace earth stations presently leased from Alascom with State-owned equipment. About $0.9 million could be saved annually in leasing costs under this alternative. If the uplinks and space segment of the system were then put to competitive bid, and a less expensive rate achieved, additional savings would be possible.

INTRODUCTION

The FY88 Operating budgets of the Department of Administration's Division of Telecommunications and the Alaska Public Broadcasting Commission contained the following intent language:

> It is the intent of the Legislature that the Division of Telecommunications, the House Special Committee on Telecommunications, Alaska Public Broadcasting Commission, and Office of Management and Budget jointly review the Rural Alaska Television Network and Alaska Public Television System in an effort to identify cost efficiencies that may be incorporated into the FY89 budget. The review team should coordinate its efforts with the RATNET Board and the Corporation for Public Broadcasting. The Division shall present a report of its findings and recommendations to the Legislature no later than January 30, 1988.
>
> It is further the intent of the Legislature that the review team take the following actions:
>
> 1. OMB shall enter into negotiations with Alascom in an attempt to reduce leasing costs associated with the RATNET and Southeast Microwave Systems.

2. Clarify ownership and maintenance obligations of all earth stations and related equipment comprising the RATNET system.

3. Review the ramifications of transferring FCC licenses for State-owned low power television transmitters not currently in use to local entities, of consolidating and transferring the licenses to a private non-profit entity, and of consolidating and retaining the licenses under State ownership.

4. Review alternatives and associated costs for communities to independently receive and pay for receiving commercial television through the use of State-owned low power television transmitters not currently in use.

5. Review alternatives and associated costs for communities to receive public broadcasting programming through the use of RATNET transmitters. Review commercial network syndicated programming that could be transmitted over this system without jeopardizing non-tariffed leasing rates, and determine the costs of the programming. Coordinate with the University of Alaska and the Department of Education to determine a cost-efficient and inexpensive means of broadcasting educational programs over the system.

6. Negotiate with those commercial stations that transmit programs through the Southcentral Microwave System in an attempt to have the stations defray the cost to the State of broadcasting the programs.

7a. Review the possibility of establishing a community-based organization to operate KUAC-TV/FM.

7b. The RATNET Board is to utilize teleconferencing in order to reduce costs.

REVIEW TEAM ACTIVITIES

Shortly after the beginning of FY88, representatives from the Division of Telecommunications, the House Special Committee, the APBC, and the Division of Policy/OMB met and agreed to research assignments necessary to create the report mandated by the above intent language. An outline of the tasks involved and the lead agency which was assigned to each task is included with this report as Appendix A.

The review team consisted of John Andrews, Commissioner of Administration; James J. Fox, Deputy Commissioner of Administration; Mel Hoversten, Director, Division of Telecommunications; Larry Pearson, University of Alaska Journalism

Professor, representing the House Special Committee on Telecommunications; Charles Northrip, Executive Director, Alaska Public Broadcasting Commission; and Joan Kasson, Division of Policy.

The team met in both in-person and teleconference sessions several times during the interim. Additional contacts were made with the RATNET Council, the University of Alaska, the State Department of Education, and the Corporation for Public Broadcasting*, as directed by the intent language.

The results of the team's work follow.

SECTION ONE

RATNET AND SOUTHEAST MICROWAVE RATE NEGOTIATIONS

Alascom was asked to review and comment on the alternatives discussed in Section Eight. Discussions on the accuracy of the assumptions are on-going. (Copies of correspondence are included as Appendix C.)

* The Corporation for Public Broadcasting offered expert assistance to the review team in the person of John P. Witherspoon of the Center for Communications of San Diego State University. See Appendix D for information on the Center. Mr. Witherspoon's assessment of the review team's work is included with others' comments in Appendix O.

The company was also asked if it would permit reduced rates for carrying the signal of KTOO, a noncommercial station, over the Southeast Alaska microwave network as encouraged by Congressional and Federal Communications Commission (FCC) intent. This intent is included as Appendix B and is further discussed in Section Five.

Alascom does not believe the intent is applicable to the Southeast microwave network even though the content of the transmissions is noncommercial. Its response:

> It is our understanding that the intent of the referenced FCC order was to encourage common carriers to offer excess or "remaining" capacity to educational or public television providers at reduced rates. The southeast microwave channel was installed at the request of the state and specifically for one-way television service. It is not excess capacity on our network that could be used for other service. In fact, the only use it has is for one-way video.

Mr. Witherspoon disagrees that the Congressional and Federal Communications Commission (FCC) intent regarding free or reduced rates applied only to excess or "remaining" capacity. However, the language is permissive and only encourages the common carrier to offer more favorable rates for carrying noncommercial broadcasts. The final decision remains with the carrier.

SECTION TWO

OWNERSHIP AND MAINTENANCE OBLIGATIONS OF RATNET EARTH STATIONS AND RELATED EQUIPMENT

The RATNET signal originates in Anchorage, with some live transmissions originating in Juneau. Anchorage broadcasters provide programming from which the RATNET Board selects. Programs are uplinked, using Alascom facilities and personnel in those communities, to Alascom's satellite, Aurora. Alascom personnel at the Television Operations Center manage the provision of the service.

The signal is downlinked to 248 earth stations around the state. 146 of those earth stations are leased from Alascom. The remaining 102 earth stations are owned by the State.

In addition, the State owns 248 low power television transmitters (LPTVs) used to rebroadcast the RATNET signal from the earth station to receiving households. An additional 235 State-owned transmitters were left idle when LearnAlaska funding was eliminated.

The State Division of Telecommunications maintains all of the State-owned equipment. The State contracts with Alascom to provide maintenance to State-owned LPTVs, but this is limited to very minor work. Generally, Alascom employees simply remove the transmitters collocated in their facilities, ship them to

the Division of Telecommunications' shops for repair, and then replace them on their return.

A complete list indicating ownership and location of equipment, as well as maintenance responsibility, is attached as Appendix E.

SECTION THREE

LICENSING/OWNERSHIP POSSIBILITIES FOR STATE-OWNED LOW POWER TELEVISION TRANSMITTERS NOT CURRENTLY IN USE

Until the end of FY86, the State provided two channels of television to most rural communities in Alaska. The first channel was and continues to be known as the RATNET channel. The RATNET channel provides a mix of commercial and public television as selected by a representative seventeen-member council. (See Appendix N for by-laws, policy guidelines, and current membership of the RATNET Council.) The second State-provided channel was known as LearnAlaska. The LearnAlaska channel provided instructional programming, designed primarily for classroom use, throughout the broadcast day. Both the RATNET and LearnAlaska channels were distributed on separate satellite transponders to each rural community. In each community, an LPTV was used to broadcast the programs so that they could be received on conventional TV sets within each community.

At the end of FY86, the State cancelled its lease for the satellite transponder that had distributed LearnAlaska programming. As a result, the LPTVs in 235 locations no longer had a source of programming, so available channels of television in many locations dropped from two to one.

The State still holds title to and is the licensee of the LPTVs, which until July 1, 1986, distributed LearnAlaska programs throughout rural Alaska, even though the transmitters are no longer in operation. Therefore, no action is necessary for the State to remain in that position. The unused transmitters could be turned over to local community control or to the control of a regional or statewide concern for the purpose of making them available for the distribution of TV programming of the communities' own choosing.

If the State were to retain the licenses and the LPTVs, it could preserve the option of future use with new technologies that could provide additional programming at near the same cost of the current RATNET system alone. New satellite technologies now on the horizon are expected to offer the possibility of two or more channels of programming within technical parameters and costs now associated with one.

If the State should choose to transfer the licenses to local control or to a regional or statewide non-profit organization, to avoid any legal difficulties the State should, at the same time, transfer the licenses. Responsibility for meeting FCC rules and regulations should be in the same hands as control over broadcast content.

To avoid the same pitfall for ownership of the unused LPTVs and their licenses by a regional or statewide non-profit concern, a programming control system could be implemented. Without such a system, actual programming decisions would be made

at transmitter sites, and not by the licensee. Yet violations of equal time regulations, for example, would be held against the licensee (the non-profit), not the programmer.

The actual license transfer can be accomplished quite simply once an entity is found to take over the license obligation. This could be a school board, school, community council, village corporation, or anyone else willing and able to accept responsibility for meeting FCC mandates, and operating and maintaining the equipment. Both parties to the transfer sign a transfer application to be submitted to the FCC. The FCC approval process would likely take two to three months, but could take up to a year.

There are no fees for transfers or renewals if a governmental organization holds the license. A private non-profit would have to pay renewal fees of $30 for each license (unless all programming was strictly educational). While the State currently handles most of the paperwork involved with renewals, making legal fees minimal, new license holders may need to contract for legal assistance before the FCC.

As noted above, new license holders would have to accept responsibility for FCC compliance and for maintenance, unless the State agreed to remain in some sort of support role. When RATNET was in its development stages, local communities were, in many cases, the licensees. The Division of Telecommunications found that many of the licensees were not complying with FCC rules for renewal and posting of licenses. The State sought to consolidate the licenses under one owner to simplify compliance. This was a voluntary process and only a few are still held by local entities, e.g., the North Slope Borough, which wanted to retain ownership.

Once local communities or other entities are the owners/licensees of the currently unused LPTVs, local programming could be produced and aired on the transmitters. Some communities could presumably use the requisite video equipment owned by their community councils or schools. Many school districts, however, use less expensive half-inch, home-type video cameras and tape recorders. In order to broadcast local events, both camera and video cassette recorder must have output as certified by the National Television Standards Commission (NTSC). This commercial-type equipment generally utilizes three-quarter inch tape at a minimum. Estimated costs for purchasing this type of equipment follow:

- Video camera with NTSC output: $1,500 to $3,000
- Video cassette recorder with NTSC output in close proximity to the transmitter: $600 to $1,500
- Time base corrector generator: $3,000 to $5,000

In 146 locations, the State-owned transmitters are collocated with Alascom equipment. In these communities, the former LearnAlaska transmitter would have to be moved out of Alascom space to another location suitable for broadcasting; thus, space, heating and power would be required.

Access to this equipment would allow council meetings, sporting events, or school activities to be televised. Such a process could help preserve bilingualism, native culture, etc., to a far greater degree than imported programs could provide.*

* In response to requests for increased bilingual/cultural programming, the RATNET Board at their December 3-4, 1987 meeting agreed to schedule one hour per week for programs of this nature approved by the Department of Education.

Nevertheless, local programming could hardly fill a complete daily broadcast schedule. Prerecorded tapes from the State film library or commercial suppliers could help complete that schedule. Unfortunately, the State film library estimates that the State owns broadcast rights to less than one-tenth of the library's film collection. The tapes for which the State does own broadcast rights are generally limited to Federal Aviation Administration produced tapes, and are likely to be of little general interest. The broadcasting of tapes without purchasing those rights could open the local programmers to charges of copyright violation.

A variant of this approach is advocated by Dan Johnson in his December 1986 report, "An Assessment of Current State Television Programming in Alaska, with Proposals for a New State Media Strategy." Mr. Johnson proposes establishing regional production centers to provide technical assistance to local producers and to act as clearinghouses for locally produced video tapes. Mr. Johnson estimates the cost of each such facility at $50,000.

While local production does offer many social benefits, those benefits could only be enjoyed if the community had, to paraphrase Mr. A.G. Hiebert of Northern Television, the funds, the qualifications, and the inclination. Smaller villages could conceivably suffer compared to larger communities. (See Appendix O: letter from A.G. Hiebert, 1/8/88, page 6.)

A more ambitious approach to making live commercial/entertainment television available at each community's discretion is discussed in Section Four.

SECTION FOUR

COMMERCIAL/ENTERTAINMENT TV VIA LPTVs NOT CURRENTLY IN USE

If a community follows the procedures outlined in Section Three and becomes the owner/licensee of its own LPTV, then the potential of receiving and retransmitting live network television signals becomes a possibility. Many different program services are available by satellite, assuming the proper receiving equipment is used.

Two such services provide programming from all three major U.S. commercial networks, plus some independent stations and other services. The first of these is provided by CANCOM, a Canadian organization which receives, in Canada, American television signals, which originate in Detroit, and then transmits those signals via satellite to receivers throughout the U.S. and Canada. Some Alaska cable television systems utilize the CANCOM service. It is provided via the Canadian Anik satellite.

The second service is provided by Netlink U.S.A., a U.S. firm headquartered in Kirkland, Washington. Netlink utilizes an RCA Americom satellite. For illustrative services, this section of the report will utilize the Netlink service as an example of the programming that could be procured by local Alaska communities, which own their own LPTVs. Complete Netlink information concerning the various program services and costs is included in this report as Appendix F.

Netlink can provide up to six channels of television, including the three major U.S. commercial networks, independent stations, and other services. Since Netlink utilizes a satellite different from the one which provides the RATNET signal to rural Alaska, each community would have to purchase and install a satellite earth station which could receive signals from the Netlink satellite. The average cost for the purchase and installation of such a facility similar to State-owned earth stations is estimated conservatively to be about $17,000, with some locales involving higher costs and some lower. (See Appendix G for cost-breakdown.) Less expensive equipment is available, but might entail higher maintenance costs or shorter useful life.

Since the proposed Netlink-type service is actually an over-the-air subscription service similar to cable, a lower cost option would entail permitting the transfer of licenses and equipment only to those communities without an alternative commercial television service to the current RATNET service, whether cable or over-the air. This would reduce required earth station purchases to 160 instead of 235. A list of those communities is attached as Appendix H. In addition to reducing required expenditures, this approach would avoid the issue of the State creating competitors for local broadcasters or cable television operators.

Each village could be expected to raise these funds itself; or, the State could provide a one-time grant to each community to capitalize the equipment, drawing on the savings generated by the first year or two of supplying public television over the current RATNET system. (Discussed in Section Five.)

Conversations with Netlink officials have resulted in a commitment by that firm to allow any Alaska community licensee to receive Netlink programming and choose, from among the six channels, a single channel or any combination of channels, up to the total six available (understanding, of course, that only one channel could be viewed at a time in any given community, since there is only one LPTV transmitter). The cost to each community for the Netlink service would be 64 cents per using household per month. Assuming an average community population of 300 and taking a conservative estimate of three persons per household, resulting in a net of 100 households, that cost would amount to a total of $64 per month or $768 per year per community. There would also be a one-time $300 cost per community for a descrambling device.

A major advantage to this community-by-community approach to procuring network programming is that each individual community could make its own decisions by whatever process it chose regarding which network programs to view and in what order. Each community could also decide how much locally originated programming dealing with issues of local or regional importance would be included in each day's broadcast schedule. Decisions would have to be made regarding the location of the receive point for the incoming satellite signal. The location would have to be central and convenient for one or more individuals to actually shift the receiver from one network source to another as often as on a hour-to-hour basis. The Netlink programming is either on Mountain or Pacific time, meaning that all network programs are no more than one or two hours earlier than normal Alaska time.

A potential disadvantage to this approach stems from Alaska's size and location. Few commercial satellites have the "footprint" required to reach Barrow and the

Aleutian Chain. Should the programming source decide to use another satellite to reduce costs, for example, there is no guarantee that all the Alaska community-controlled LPTVs would be able to see the new satellite's signal.

In addition, the Alaska Broadcasters Association is on record opposing any importation of programming from outside of Alaska. Both services discussed above use imported signals. Rebroadcast of these signals could bring about piracy charges. Questions have also been raised as to the legality of similar types of service both in the federal courts and before the FCC. (See Appendix O: letters from A.G. Hiebert, 1/1/88, pp. 7-9, and Richard Zook, 12/30/87, p. 2.)

Local option television could also be provided without a RATNET system at all. In this case, the State could transfer ownership and license, not only to transmitters, either the RATNET or the LearnAlaska LPTVs, but also to the 102 State-owned earth stations. In this case, only the 146 Alascom-owned earth stations would need to be replaced at an average $17,000 each as discussed above. An additional expenditure of $1,700 for each, $173,400 total, would be required to replace the current "Bush Format" receivers at the 102 State-owned earth stations sites, with "Standard Format" receivers. All other costs associated with leasing Alascom services and administering the network would end.

While this alternative would remove the State from the commercial television business, it would also preclude statewide broadcasting of any instructional television, emergency notification, data transfers, statewide public affairs or public safety programming, statewide Alaska news, or any other benefits derived from having a State network system. This decision could be expensive to reverse as well, since even though the State could retain title to one set of transmitters, all earth

stations would need to be replaced or leased to restart the network unless the local communities agreed to return them.

The State could transfer the entire RATNET system to a regional or private non-profit firm to operate and do nothing with the LearnAlaska equipment. Operating costs for the private firm could be slightly higher than current State-paid expenses due to maintenance. Presently, maintenance is performed by Division of Telecommunications personnel who are also responsible for maintaining other State communications equipment. Eliminating the necessity for maintenance of television related equipment is not expected to significantly decrease the Division's budget, perhaps only by as little as one and one-half persons.

SECTION FIVE

POTENTIAL COST SAVINGS VIA PUBLIC TELEVISION AND RATNET

The intent language required information on savings that could be achieved through transmitting public television over the RATNET system. In its simplest form, such a plan would offer some savings, although not without the probability of serious drawbacks.

The current RATNET arrangement requires an expenditure of $329,800 per year to operate a tape delay center in Anchorage. $50,000 per year also is spent on travel costs for the RATNET Council. Both of those expenditures could be saved if the regular programming of KAKM, the Anchorage PTV station, were substituted for the current RATNET service.

Such an approach would assure continued single-channel statewide television service and preserve the ancillary uses of the RATNET channel (Statewide Emergency Broadcast System notification; data transmission through the vertical blanking interval; public radio transmission on an audio subcarrier; and transmission of televised legislative and Governor's office reports). Almost all the bilingual/bicultural programming produced in Alaska originates on PTV stations. Use of this alternative would make that programming much more widely available. It would also open the possibility of more direct instructional programming from the Department of Education and the University of Alaska during daytime and weekend hours. Scheduling of instructional programming would impose no additional costs on a PTV network. Both the Department of Education and University are interested in pursuing these alternatives.

Additional savings would be possible, since the PTV service would be totally noncommercial. The Public Broadcasting Act of 1967 permits free or reduced rates to be charged by a common carrier for interconnection services provided for a noncommercial service. Included in this report as Appendix I is the text of the Public Broadcasting Act rate provision and excerpts from the committee report accompanying the Act, which indicate that a positive obligation rests with common carriers to provide such free or reduced rate service.

Alascom was asked to indicate the likelihood of reductions in rates currently being paid to Alascom if the content of the transmissions is noncommercial. While the company did not respond to this question directly, it did indicate its belief that the FCC and Congressional intent encouraging it to do so did not apply to the Southeast microwave network presently utilized by KTOO, a PTV station. As discussed in Section One, Alascom believes the intent should be applied only to excess capacity. While this interpretation is disputed, it is unknown whether Aurora, Alascom's satellite, has excess capacity.

Additional minor savings, perhaps as much as $9,000 per station, could be accomplished at the three remaining public television stations in the State, if a complete PTV schedule could be agreed upon by each local station and if it were received at those locations, as well as at current RATNET sites. Currently, all four public television stations in Alaska must tape delay many network programs in order for them to air in Alaska at the proper time. If the KAKM signal were available, stations could air programs using the KAKM tape delay, and not incur the expense of pre-taping network programs individually at each location, each day.

Such an arrangement would hinder local programming choices at each PTV station, since identical programs would have to be shown at all locations simultaneously.

Studies were made of the possibility of a group buy of PBS programming by one station on behalf of all four Alaska stations. While such a group buy is possible, it would have the effect of disqualifying the remaining three stations from PBS membership and would eliminate them as stations qualified to receive funds from the Federal Corporation for Public Broadcasting. The loss of Federal income at the three stations would result in a net loss of income which could not be made up by

any savings achieved through a PBS group buy. Included in this report as Appendix J are letters from PBS charting those various cost alternatives and indicating a best case total net loss of $186,037 per year.

While all of the above savings are possible, there are complicating circumstances which raise serious questions as to the advisability of pursuing this alternative. The current RATNET system provides daily Alaska newscasts from commercial stations in Anchorage to all of rural Alaska. These newscasts carry commercials. While public television would be willing to tape one of the newscasts each night, expunge all commercials and then replay the newscast over the RATNET system, it is not likely that the commercial station would allow such a use of its programs, since it would have lost all commercial value.

More importantly, it must be noted that public television as it is seen in Anchorage, Fairbanks, Juneau, and Bethel is designed as alternative programming to regular commercial fare. If the RATNET system ceases to deliver commercial programming and, instead, delivers public television programming, a majority of the current communities serviced by RATNET would be receiving only an alternative with no conventional commercial programming to provide balance. It is probably an understatement to say that such a decision would be unpopular in the eyes of many people in rural Alaska. Also, the loss of the RATNET Council, through the elimination of its budget, would create the loss of rural participation in program decisions. Such a change has wide ranging policy ramifications. Savings are possible, but not without a significant change in the present philosophy of program choice.

Some of those savings would be lost if the public television service were modified to provide a commercial-free Anchorage newscast each day. The costs of recording, removing commercials, and replaying the program only for the rural system would require separate and additional activities at KAKM beyond what its current broadcast schedule requires because KAKM would have to generate a separate rural-only program service during those times in addition to its Anchorage PTV service. Any other nationally syndicated programs (feature film packages, etc.) which might be added to the rural service to make it less a traditional public television service would also require additional expenditures on the part of KAKM for the same reason and, therefore, would reduce the potential $379,800 per year saving from the current RATNET budget.

If another means could be provided for the delivery of national network commercial programming to rural Alaska, then this alternative could be more appealing. Such a possibility is explored in Sections Three and Four above.

SECTION SIX

COMMERCIAL STATION PAYMENT FOR SOUTHCENTRAL MICROWAVE SYSTEM

The State-owned and operated Southcentral Alaska microwave network is actually two networks. One network serves the Turnagain Arm region including Bird Point, Indian, Girdwood, and Hope. The second network spans the area between Sterling

and Seldovia. The two networks are used by numerous State agencies such as the Department of Public Safety and the Department of Transportation and Public Facilities.

In addition to servicing these agencies' communication needs, the networks carry the television signals of four Anchorage television stations to residents in these regions without cost to the stations. The Division of Telecommunications estimates that the annual operating cost of providing the television service, over and above communication needs, is $30,000.

The three Anchorage commercial stations who use the network were asked if they would be willing to contribute one-fourth, $7,500 each, of the annual operating costs. The management of two of the stations responded negatively. No response was received from the third station.

Northern Television (KTVA) argues that Anchorage broadcasters donated licenses and equipment to the State when the microwave systems were installed. The Alaska Network (KIMO) notes that advertisers cannot provide enough revenue to cover the service given the population being served. Both companies argue that if the State will not continue to pay for the service, local communities who receive it should. (See Appendix K: letters from A.G. Hiebert, 1/6/88, p. 3, and Richard Zook, 12/30/87, p. 2.)

SECTION SEVEN A

THE POSSIBILITY OF A COMMUNITY LICENSEE FOR KUAC-TV/FM

KUAC-TV/FM is the oldest public broadcast licensee in Alaska. The University of Alaska applied for and received a license for KUAC-FM in 1962.

The University has been in the forefront of public broadcast development. In the early years of the Alaska Public Broadcasting Commission, the University provided free office space and other support to that new State agency. After establishing the first public radio station in 1962, the University established the State's first public television station in 1971.

It is possible for a community based non-profit corporation to become the licensee for KUAC-TV/FM. The Federal Communications Commission has an established procedure for the transfer of station licenses from one entity to another. It is a somewhat long and cumbersome process, although not as difficult as establishing a new station. At least one year should be anticipated for necessary FCC license transfer paperwork.

The FCC transfer procedure, however, is only used in those instances where the current holder of a license and the prospective receiver of the license transfer have both agreed on the transfer. If a current license holder is unwilling to transfer the

license, the FCC would not force such a transfer. A new prospective licensee could petition the FCC to deny the renewal of the two station licenses at the next license renewal period and further request the FCC to award the licenses to the new entity. The FCC would receive the petition and would consider it. Given the University's long history of public radio and television stewardship, and the obvious successes of both stations, however, it is unlikely that the FCC would deny regular license renewal to the University.

The University has indicated, through the Chancellor of the Fairbanks campus and the Dean of the College of Liberal Arts, that it wishes to retain the licenses for both stations and that it wishes to continue supporting both stations, particularly in terms of integrating station activities with the University's academic programs.

Interested Fairbanks citizens have drafted Articles of Incorporation and have created a non-profit corporation that could serve as the licensee for KUAC, should the University ever wish to divest itself of the stations. The local group is clearly concerned about and supportive of both stations. The expressed desire of the group, however, is for the stations to stay under University ownership as long as adequate and reliable support is provided through that institution. It should be noted, however, that there is concern among interested community members that the University's expressions of support are tenuous and could change if revenues decrease.

One "middle ground" position on this issue is the possibility of a service contract between the University and a local non-profit corporation, which would allow the non-profit to operate the stations under a contract with the University. The University would provide space and other services and, perhaps, pay a fee for

instructional services, while the corporation could establish separate pay scales and hiring procedures for the stations and conduct local fund raising and receive Federal and APBC funds. A sample of one such contract is included in this report as Appendix L.

The avenues through which KUAC receives its State funds changed in FY88, in that two-thirds of its State support now comes through the Alaska Public Broadcasting Commission and one-third directly through the University budget. In previous years, all of the stations' State support flowed directly through the University budget. The current arrangement offers slightly less job security to those KUAC staff members who are paid from the APBC grant, since the University has no way of being assured of grants from the APBC in subsequent years. On the other hand, the provision of two-thirds of the stations' State support from the APBC assures the stations that the University must spend those funds on the stations and could not reassign them to other uses, as could be done with the funds provided directly through the University. The arrangement also has the effect of broadening the stations' base of State support from one source to two, even though the total available to the stations in FY88 is less than what they received in FY87.

In summary, while it is possible for the KUAC licenses to be transferred to a community group, a successful transfer is primarily dependent on the University's willingness to be party to such a transfer. As long as the University continues to demonstrate its ability to act as a responsible and supportive licensee, it is unlikely that any request for a transfer or petition to deny renewal of the KUAC licenses would succeed.

SECTION SEVEN B

RATNET BOARD UTILIZE TELECOMMUNICATION

See Appendix M for the RATNET Board's response.

SECTION EIGHT

OTHER ALTERNATIVES TO IMPROVE COST EFFICIENCY
OF THE RATNET SYSTEM

As has been discussed in more detail in other sections of this report, the costs of operating the RATNET system can be allocated to State-provided services, and contractual services provided by Alascom. The rates the State must pay Alascom are governed by FCC tariff. The State currently pays about $2.2 million annually to Alascom for RATNET operations. (See Table A: "Status Quo".)

The State could invest an estimated $2.8 to $3 million to purchase and install equipment, and pay basic termination liability (BTL) to replace the 146 Alascom-owned downlink earth stations with State-owned equipment. As Tables B and C show, the State would recover its investment after four years by saving

approximately $0.9 million annually in Alascom leasing costs. These two alternatives assume current Alascom rates for transponder time, uplink services in Juneau and Anchorage, and TV Operations Center services. Table C simply assumes an accelerated installation schedule.

Costs for State-provided services are not expected to increase. The Division of Telecommunications believes it could accomplish maintenance of additional earth stations, and take over maintenance of LPTVs which Alascom may presently service, within the Division's existing budget. The Division already travels to many of these locations to service other equipment, e.g., antenna systems.

Alascom would, of course, no longer be providing space and power for the earth stations and LPTVs. When the original 102 State-owned earth stations were installed, the State notified communities that if they wanted RATNET service, the community would need to provide for these necessities. This same condition could be imposed at the 146 sites where the State presently leases earth station services from Alascom.

Under these options, once the State owns the complete downlink system, earth stations and transmitting equipment, further savings may be possible through the competitive bid of uplink and satellite transponder services.

As the RATNET system is currently configured, the Alascom-owned earth stations must be able to see Aurora, Alascom's satellite, to provide telephone service. Installation of another earth station, State-owned, in each location solely for television reception would permit viewing of any available satellite. Division of Telecommunication research has, to date, found one other vendor with satellite

service available to all sites presently receiving RATNET, General Communications, Inc. (GCI). The Division is continuing to explore other alternatives.

With this flexibility, the State could seek competitive bids for the rest of the RATNET operations. GCI was asked, for comparison purposes, if it could provide equivalent service to that provided by Alascom, and if so, at what rate. GCI believes that it can. Tables D and E show the savings to the State over the status quo if GCI's estimated rates for transponder time and Juneau and Anchorage uplinks were a successful bid. (GCI did not believe a TV Operations Center was necessary.) The annual savings after the hypothetical switch in vendors increases to $1.25 million, and the earth station investment is recovered after three years with the accelerated installation schedule depicted in Table E.

Each of these scenarios maintains the current RATNET service from the standpoint of the RATNET viewer. The former LearnAlaska transmitters remain unused. The choices posed in the previous sections remain. Putting the uplink and space segments of the service to competitive bid permits rates to be set by the market. Even if Alascom were the only supplier, given the current leasing rates charged the State for downlink earth stations, substantial savings are still possible.

The major negative ramification remains the required $2.8 to $3 million one-time capital investment.

CONCLUSION

Table F summarizes each alternative discussed in this report. Which alternative, or combination of alternatives, would be best depends on what criteria decision-makers wish to use.

Maximum monetary savings to the State can be achieved by dismantling the RATNET system. Maximum service is possible by selecting alternatives that retain a system-oriented approach, and use both sets of LPTVs that the State now owns. Maximum flexibility can be had by replacing Alascom-owned earth stations with State-owned ones, since this maintains a system approach, but permits control over, and market choice of, which satellites can be utilized to provide service.

Discussion drafts of this report were sent to a number of interested parties for review and comment. Those comments are included as Appendix O, and incorporated into the report where appropriate.

The emphasis of this report has been the gathering and synthesizing of information to assist the legislature and administration in decision-making. Many options are available for reducing, improving, or changing current services and the prices now being paid for them. It is hoped that the report makes all of the advantages, disadvantages, and trade-offs involved understandable and evident to the policy makers concerned.

TABLE A

STATUS QUO

	FY89	FY90	FY91	FY92	FY93	FY94
Transponder	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks	153,144	153,144	153,144	153,144	153,144	153,144
ETV Downlinks	1,002,144	1,002,144	1,002,144	1,002,144	1,002,144	1,002,144
ETV Maint.	48,000	48,000	48,000	48,000	48,000	48,000
TV Oper. Center	76,128	76,128	76,128	76,128	76,128	76,128
Total Annual Costs:	2,159,412	2,159,412	2,159,412	2,159,412	2,159,412	2,159,412

TABLE B

ALTERNATIVE #1-A * - (State Purchase Of Earth Stations/Alascom System Costs)

	FY89	FY90	FY91	FY92	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,050,144	1,680,499	1,289,765	859,646	0	0
Depreciation:	0	37,125	74,250	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks:	153,144	153,144	153,144	153,144	153,144	153,144
TV Oper. Center:	76,128	76,128	76,128	76,128	76,128	76,128
Total Annual Cost:	2,159,412	2,826,892	2,473,283	2,077,319	1,217,673	1,217,673

Total Investment: 2,808,537
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	0	(667,480)	(313,871)	82,093	941,739	941,739
Cumulative Savings:		(667,480)	(981,351)	(899,258)	42,481	984,220

Breakeven Point: FY93

* Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 50 earth stations in FY90, 50 in FY91, and the remaining 46 in FY92.

TABLE C

ALTERNATIVE #1-B * - (State Purchase Of Earth Stations/Alascom System Costs)
Accelerated Installation

	FY89	FY90	FY91	FY92	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,550,825	1,962,795	455,040	0	0	0
Depreciation:	26,730	92,070	108,405	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks:	153,144	153,144	153,144	153,144	153,144	153,144
TV Oper. Center:	76,128	76,128	76,128	76,128	76,128	76,128
Total Annual Cost:	2,686,823	3,164,133	1,672,713	1,217,673	1,217,673	1,217,673

Total Investment: 3,019,215
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	(527,411)	(1,004,721)	486,699	941,739	941,739	941,739
Cumulative Savings:		(1,532,132)	(1,045,433)	(103,694)	838,045	1,779,784

Breakeven Point: FY93

*
Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 36 earth stations in FY89 (25%), 88 in FY90 (60%), and 22 in FY91 (10%).

TABLE D

ALTERNATIVE #2A* - (State Purchase Of Earth Stations/GCI Estimated System Costs)

	FY89	FY90	FY91	FY92	FY93**	FY94
Purch., Btl, Install., Maint., & Lease:	1,050,144	1,680,499	1,289,765	859,646	0	0
Depreciation:	0	37,125	74,250	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	720,000	720,000
Uplinks:	153,144	153,144	153,144	153,144	84,000	84,000
TV Oper. Center:	76,128	76,128	76,128	76,128	0	0
Total Annual Cost:	2,159,412	2,826,892	2,473,283	2,077,319	912,405	912,405

Total Investment: 2,808,537
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	0	(667,480)	(313,871)	82,093	1,247,007	1,247,007
Cumulative Savings:		(667,480)	(981,351)	(899,258)	347,749	1,594,756

Breakeven Point: FY93

* Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 50 earth stations in FY90, 50 in FY91, and the remaining 46 in FY92. GCI estimate effective 7/1/92.

** Costs are the same as Alternative #1A until FY93, since the system could not go to bid until all Alascom-owned earth stations are replaced.

TABLE E

ALTERNATIVE #2B* - (State Purchase Of Earth Stations/GCI Estimated System Costs)
Accelerated Installation

	FY89	FY90	FY91	FY92**	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,550,825	1,962,795	455,040	0	0	0
Depreciation:	26,730	92,070	108,405	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	799,998	720,000	720,000
Uplinks:	153,144	153,144	153,144	118,572	84,000	84,000
TV Oper. Center:	76,128	76,128	76,128	38,064	0	0
Total Annual Cost:	2,686,823	3,164,133	1,672,713	1,065,039	912,405	912,405

Total Investment: 3,019,215
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	(527,411)	(1,004,721)	486,699	1,094,373	1,247,007	1,247,007
Cumulative Savings:		(1,532,132)	(1,045,433)	48,940	1,295,947	2,542,954

Breakeven Point: FY92

* Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 36 earth stations in FY89 (25%), 88 in FY90 (60%), and 22 in FY91 (10%). GCI estimate effective 1/1/92.

** Costs are the same as Alternative #1B until mid-FY92, since the system could not go to bid until all Alascom-owned earth stations are replaced.

TABLE F

SUMMARY OF ALTERNATIVES

OPTION	OWNERSHIP			LICENSES		REQUIRED INVESTMENT		OPERATING COSTS (Annual)	
	Earth Station	RATNET LPTVs	LA LPTVs	RATNET LPTVs	LA LPTVs	STATE	OTHER	STATE	OTHER
I. Status quo (Sec. 2)	146 Alascom 102 State	248 State	235 State	248 State	235 State	NA		$2.27 million	NA
II. Local Production and Broadcast Only using LearnAlaska LPTVs (Sec. 3)	146 Alascom 102 State	248 State	235 Local	248 State	235 Local	0	$5,100 - $9,500 video camera, VCR, time base corrector	0	space, power, heat
III. Local Production and Broadcast Only with Regional Production Centers (Sec. 3)	Same as II			Same as II		0	$50,000 estimated	0	Unknown

OPTION	MAINTENANCE RESPONSIBILITY		SAVINGS TO STATE	ADVANTAGES	DISADVANTAGES
	RATNET	LA	(Annual)		
I. Status quo (Sec. 2)	State		NA	EBS, statewide news, data transmission, public affairs, and other programs of statewide interest that only a system can provide.	Little programming flexibility. Programs must be of general interest to majority of RATNET constituency.
II. Local Production and Broadcast Only Using LearnAlaska LPTVs (Sec. 3)	State	*Other	0	Program choice closer to viewer; permits broadcasting of events of local interest only (e.g., school activities, fishing reports); encourage preservation bilingualism and native culture; does not use RATNET LPTVs or earth stations.	Difficult to fill schedule with only local events and alternative videotape sources limited; may be impractical for smaller villages.
III. Local Production and Broadcast Only with Regional Production Centers (Sec. 3)	Same as II		0	Broaden availability of videos by providing central location to bicycle tapes among communities; improve production technical capabilities; allow regional emphasis.	

OPTION	OWNERSHIP			LICENSES		REQUIRED INVESTMENT		OPERATING COSTS	
	Earth Station	RATNET LPTVs	LA LPTVs	RATNET LPTVs	LA LPTVs	STATE	OTHER	STATE (Annual)	OTHER
IV. Netlink System plus RATNET-type System (Sec. 4)	146 Alascom 102 State 235 local or 160**	248 State	235 Local	248 State	235 Local	$17,000 per earth station $300 per community for descrambler		space, power, heat, $768 annual subscription per community	
V. Netlink System without RATNET-type System (Sec. 4)	248 Local (Could transfer either set of transmitters and equivalent number of earth stations.)	235 State	248 Local	One set State and one set local. See cell to left.		$17,000 per earth station (146 total) $300 per community for descrambler $1,700 per receiver (102 total)		0	Maintenance, space, heat, power; possibly legal.
VI. Public Television Over RATNET (Sec. 5)	146 Alascom 102 State	248 State	235 State	248 State	235 State	0	NA	$1.9 million	NA

OPTION	MAINTENANCE RESPONSIBILITY		SAVINGS TO STATE	ADVANTAGES	DISADVANTAGES
	RATNET	LA	(Annual)		
IV. Netlink System plus RATNET-type System (Sec. 4)	State	Local	0	Six tv channels to choose from; local programming decisions.	Supply of Netlink-type services limited; broadcasters oppose; could bring charges of piracy.
V. Netlink System without RATNET-type System (Sec. 4)	One set of LPTVs	Earth stations and one set of LPTVs.	$2.27 million	Removes the State from tv provision; same as IV above.	Prohibit statewide ITV, EBS, data transfers, public affairs or public safety programming and would be difficult to reverse action; capital expenditure required; same as IV above.
VI. Public Television Over RATNET (Sec. 5)	State	NA	$406,800 maximum	Preserve system uses (See I); possibile additional ITV; may be additional savings from reduced rates.	May not be able to broadcast commercial productions of news and entertainment; PTV designed as alternative to commercial tv; viewers may not like switch; lose rural participation in program selection. Capital expenditure required.

OPTION	OWNERSHIP			LICENSES		REQUIRED INVESTMENT		OPERATING COSTS	
	Earth Station	RATNET LPTVs	LA LPTVs	RATNET LPTVs	LA LPTVs	STATE	OTHER	STATE (Annual)	OTHER
VII. State Ownership of All Earth Stations (Sec. 8)	146 State	248 State	235 State	State	State	$3 million purchase, install, and btls (estimated)	NA	$1.4 million	NA
VIII. Competitive Bid of RATNET System (Sec. 8)	Same as VII			Same as VII		Same as VII		1.02 million (estimated by potential third-party vendor)	NA

Source: Division of Policy, Office of the Governor

OPTION	MAINTENANCE RESPONSIBILITY		SAVINGS TO STATE	ADVANTAGES	DISADVANTAGES
	RATNET	LA	(Annual)		
VII. State Ownership of All Earth Stations (Sec. 8)	State		$0.9 million	All other alternatives in table remain possible.	Capital expenditure required.
VIII. Competitive Bid of RATNET System (Sec. 8)	State		$1.25 million using estimates from potential third-party vendor	Same as VII	Same as VII

* May be funded by State grant.

** Only communities without an alternative source of commercial tv would be eligible.

APPENDIX A

FY'88 BUDGET LEGISLATIVE INTENT OUTLINE:

SHARED ASSIGNMENT FOR APBC AND TELECOMMUNICATIONS DIVISION

Review Team: Division of Telecommunications
House Special Committee on Telecommunications
Alaska Public Broadcasting Commission
Office of Management and Budget

Reviews: RATNET and Alaska PTV system to identify cost efficiencies for FY'89 and report by January 30, 1988.

(Coordinate efforts with RATNET Board and CPB)

Lead Agency	Actions to be taken by review team:
OMB/DOA	1. OMB negotiate with Alascom for reduced costs for RATNET and S.E. microwave.
Div. of Tel.	2. Clarify ownership and maintenance obligations of all earth stations and related equipment in RATNET system. (also other earth stations?)
OMB/Dept. of Law/APBC	3. Review ramifications of transfer of ex-LearnAlaska LPTV licenses to: A. Local communities or non-profits B. A Statewide (or regional?) non-profit entity C. or retaining all under State control
APBC/OMB	4. Set out means and costs for entities in 3A or B to pay for and receive commercial television through former LearnAlaska facilities.
APBC	5. Set out means and costs for delivering PTV over the RATNET system, including savings over current arrangements and, A. Determine what, if any, commercial programming could be transmitted over the system without jeopardizing a reduced transponder use rate, in accordance with the Public Broadcasting Act of 1967. B. Determine what, if any, syndicated programming could be similarly transmitted. C. Determine the costs, if applicable, of A and B, above. D. Determine a cost efficient and inexpensive means of transmitting educational programs over the system. E. Coordinate with Department of Education and University of Alaska in determining D, above.
OMB	6. Negotiate with Anchorage commercial TVs to attempt to get them to pay part or all of costs of Southcentral microwave.
Div. of Tel.	7. RATNET Board should use teleconferencing to reduce travel costs.
APBC	7. Review the possibility of establishing a community-based organization to operate KUAC-TV/FM.

APPENDIX B

DEPARTMENT OF ADMINISTRATION (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
Personnel (55 positions)	1,981,100			
Productivity Improvement Center (4 positions)	270,900			
Labor Relations (11 positions)	663,400			
Finance (49 positions)	2,304,500			
Purchasing (25 positions)	1,182,200			
IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT,				
WHEN APPROPRIATE, GIVE MAXIMUM CONSIDERATION TO THE				
CORRECTIONAL INDUSTRIES PROGRAM BEFORE OUT OF STATE				
PURCHASES ARE MADE.				
Property Management (8 positions)	349,500			
Central Duplicating and Mail (29 positions)	2,028,300			
Archives (10 positions)	466,400			
Retirement and Benefits (64 positions)	4,968,800			
Retirement Incentive Operations	133,000			
Labor Relations Agency	68,600			
Railroad Labor Relations Agency	80,000			
Alaska Public Offices Commission (10 positions)		533,300	530,300	3,000
Risk Management (7 positions)		22,124,800		22,124,800
Information Resource Management		19,199,600	14,973,000	4,226,600
Information Resource Management (68 positions)	11,632,700			
Telecommunications Operations (50 positions)	4,919,600			
Rural Alaska Television Network (6 positions)	2,647,300			
IT IS THE INTENT OF THE LEGISLATURE THAT THE DIVISION OF				
TELECOMMUNICATIONS, THE HOUSE SPECIAL COMMITTEE ON				

DEPARTMENT OF ADMINISTRATION (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
TELECOMMUNICATIONS, ALASKA PUBLIC BROADCASTING				
COMMISSION, AND OFFICE OF MANAGEMENT AND BUDGET JOINTLY				
REVIEW THE RURAL ALASKA TELEVISION NETWORK AND ALASKA				
PUBLIC TELEVISION SYSTEM IN AN EFFORT TO IDENTIFY COST				
EFFICIENCIES THAT MAY BE INCORPORATED INTO THE FY89				
BUDGET. THE REVIEW TEAM SHOULD COORDINATE ITS EFFORTS				
WITH THE SATNET BOARD AND THE CORPORATION FOR PUBLIC				
BROADCASTING. THE DIVISION SHALL PRESENT A REPORT OF				
ITS FINDINGS AND RECOMMENDATIONS TO THE LEGISLATURE NO				
LATER THAN JANUARY 30, 1988.				
IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT THE				
REVIEW TEAM TAKE THE FOLLOWING ACTIONS:				
1. GMD SHALL ENTER INTO NEGOTIATIONS WITH ALASCOM IN AN				
ATTEMPT TO REDUCE LEASING COSTS ASSOCIATED WITH THE				
SATNET AND SOUTHEAST MICROWAVE SYSTEMS.				
2. CLARIFY OWNERSHIP AND MAINTENANCE OBLIGATIONS OF ALL				
EARTH STATIONS AND RELATED EQUIPMENT COMPRISING THE				
SATNET SYSTEM.				
3. REVIEW THE RAMIFICATIONS OF TRANSFERRING FCC				
LICENSES FOR STATE-OWNED LOW POWER TELEVISION				
TRANSMITTERS NOT CURRENTLY IN USE TO LOCAL ENTITIES, OF				
CONSOLIDATING AND TRANSFERRING THE LICENSES TO A PRIVATE				
NON-PROFIT ENTITY, AND OF CONSOLIDATING AND RETAINING				
THE LICENSES UNDER STATE OWNERSHIP.				

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES: GENERAL FUND	APPROPRIATION FUND SOURCES: OTHER FUNDS
DEPARTMENT OF ADMINISTRATION (CONT.)				
4. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR COMMUNITIES TO INDEPENDENTLY RECEIVE AND PAY FOR RECEIVING COMMERCIAL TELEVISION THROUGH THE USE OF STATE-OWNED LOW POWER TELEVISION TRANSMITTERS NOT CURRENTLY IN USE.				
5. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR COMMUNITIES TO RECEIVE PUBLIC BROADCASTING PROGRAMMING THROUGH THE USE OF SATNET TRANSMITTERS. REVIEW COMMERCIAL NETWORK SYNDICATED PROGRAMMING THAT COULD BE TRANSMITTED OVER THIS SYSTEM WITHOUT JEOPARDIZING NON-TARIFFED LEASING RATES, AND DETERMINE THE COSTS OF THE PROGRAMMING. COORDINATE WITH THE UNIVERSITY OF ALASKA AND THE DEPARTMENT OF EDUCATION TO DETERMINE A COST-EFFICIENT AND INEXPENSIVE MEANS OF BROADCASTING EDUCATIONAL PROGRAMS OVER THE SYSTEM.				
6. NEGOTIATE WITH THOSE COMMERCIAL TELEVISION STATIONS THAT TRANSMIT PROGRAMS THROUGH THE SOUTHCENTRAL MICROWAVE SYSTEM IN AN ATTEMPT TO HAVE THE STATIONS DEFRAY THE COST TO THE STATE OF BROADCASTING THE PROGRAMS.				
7. THE SATNET BOARD SHALL UTILIZE TELECOMMUNICATIONS WHENEVER POSSIBLE TO REDUCE TRAVEL COSTS.				
PUBLIC BROADCASTING COMMISSION		6,639,883	6,639,000	
THE SUM OF $946,622 IS APPROPRIATED TO THE ALASKA PUBLIC				

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES: GENERAL FUND	APPROPRIATION FUND SOURCES: OTHER FUNDS
DEPARTMENT OF ADMINISTRATION (CONT.)				
BROADCASTING COMMISSION FOR KNAC-TV/FM AT THE UNIVERSITY OF ALASKA, FAIRBANKS.				
IT IS THE INTENT OF THE LEGISLATURE THAT THE DIVISION OF TELECOMMUNICATIONS, THE HOUSE SPECIAL COMMITTEE ON TELECOMMUNICATIONS, ALASKA PUBLIC BROADCASTING COMMISSION, AND OFFICE OF MANAGEMENT AND BUDGET JOINTLY REVIEW THE RURAL ALASKA TELEVISION NETWORK AND ALASKA PUBLIC TELEVISION SYSTEM IN AN EFFORT TO IDENTIFY COST EFFICIENCIES THAT MAY BE INCORPORATED INTO THE FY80 BUDGET. THE REVIEW TEAM SHOULD COORDINATE ITS EFFORTS WITH THE SATNET BOARD AND THE CORPORATION FOR PUBLIC BROADCASTING. THE DIVISION SHALL PRESENT A REPORT OF ITS FINDINGS AND RECOMMENDATIONS TO THE LEGISLATURE NO LATER THAN JANUARY 30, 1980.				
IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT THE REVIEW TEAM TAKE THE FOLLOWING ACTIONS:				
1. GWD SHALL ENTER INTO NEGOTIATIONS WITH ALASCOM IN AN ATTEMPT TO REDUCE LEASING COSTS ASSOCIATED WITH THE SATNET AND SOUTHEAST MICROWAVE SYSTEMS.				
2. CLARIFY OWNERSHIP AND MAINTENANCE OBLIGATIONS OF ALL EARTH STATIONS AND RELATED EQUIPMENT COMPRISING THE SATNET SYSTEM.				
3. REVIEW THE RAMIFICATIONS OF TRANSFERRING FCC LICENSES FOR STATE-OWNED LOW POWER TELEVISION				

DEPARTMENT OF ADMINISTRATION (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
TRANSMITTERS NOT CURRENTLY IN USE TO LOCAL ENTITIES. OF CONSOLIDATING AND TRANSFERRING THE LICENSES TO A PRIVATE NON-PROFIT ENTITY, AND OF CONSOLIDATING AND RETAINING THE LICENSES UNDER STATE OWNERSHIP.				
4. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR COMMUNITIES TO INDEPENDENTLY RECEIVE AND PAY FOR RECEIVING COMMERCIAL TELEVISION THROUGH THE USE OF STATE-OWNED LOW POWER TELEVISION TRANSMITTERS NOT CURRENTLY IN USE.				
5. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR COMMUNITIES TO RECEIVE PUBLIC BROADCASTING PROGRAMMING THROUGH THE USE OF SATNET TRANSMITTERS. REVIEW COMMERCIAL NETWORK SYNDICATED PROGRAMMING THAT COULD BE TRANSMITTED OVER THIS SYSTEM WITHOUT JEOPARDIZING NON-TARIFFED LEASING RATES, AND DETERMINE THE COSTS OF THE PROGRAMMING. COORDINATE WITH THE UNIVERSITY OF ALASKA AND THE DEPARTMENT OF EDUCATION TO DETERMINE A COST-EFFICIENT AND INEXPENSIVE MEANS OF BROADCASTING EDUCATIONAL PROGRAMS OVER THE SYSTEM.				
6. NEGOTIATE WITH THOSE COMMERCIAL TELEVISION STATIONS THAT TRANSMIT PROGRAMS THROUGH THE SOUTHCENTRAL MICROWAVE SYSTEM IN AN ATTEMPT TO HAVE THE STATIONS DEFRAY THE COST TO THE STATE OF BROADCASTING THE PROGRAMS.				

DEPARTMENT OF ADMINISTRATION (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
7. REVIEW THE POSSIBILITY OF ESTABLISHING A COMMUNITY-BASED ORGANIZATION TO OPERATE KNAC-TV/FM. THE COMMISSION SHALL UTILIZE TELECOMMUNICATIONS WHENEVER POSSIBLE TO REDUCE TRAVEL COSTS.				
IT IS THE INTENT OF THE LEGISLATURE THAT THE PUBLIC BROADCASTING COMMISSION ADOPT GUIDELINES FOR THE ALLOCATION OF GRANTS TO PREVENT CLOSURE OF ANY EXISTING PUBLIC RADIO STATIONS. BUDGET REDUCTIONS ARE TO BE DISTRIBUTED TO INSURE THIS INTENT.				
THE COMMISSION SHALL ASSIST KSDP - SAND POINT IN OBTAINING A LICENSE TO INCREASE POWER.				
IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT OF ADMINISTRATION PROVIDE STAFF SUPPORT FOR THE ALASKA PUBLIC BROADCASTING COMMISSION. TO THE EXTENT THAT INDEPENDENT STAFF IS DEEMED NECESSARY, THE COMMISSION, AFTER CONSULTATION WITH ALL GRANTEES, MAY REDUCE GRANT FUNDS TO PROVIDE FOR LIMITED STAFF SUPPORT.				
INCLUDED IN THE GRANTS LINE ITEM IS $65,000 FOR OPERATION OF KIYU GALENA FOR FISCAL YEAR 1980.				
INCLUDED IN THE GRANTS LINE ITEM IS $0,000 FOR COMPLETION OF THE KNOM SEAGRAM TRANSMITTER LINK.				
LEASING AND FACILITIES		35,561,900	31,992,200	3,569,700
ADMINISTRATION (6 POSITIONS)	561,900			

APPENDIX C

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF POLICY

STEVE COWPER, GOVERNOR

P.O. BOX AD
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

January 20, 1988

Mr. George Shaginaw
Executive Vice President
and General Manager
Alascom, Inc.
P.O. Box 196607
Anchorage, AK 99519-6607

Dear Mr. Shaginaw:

I appreciate your response to my letters of December 11 and 18, 1987. We too felt the holiday crunch and fully understand the slight delay in receiving your reply.

You are quite correct that we omitted an explanation for why no maintenance, space and power costs for TVRO's were included in the calculations for Alternatives 1 and 2. This deficiency will be corrected in the final version of the report.

The Division of Telecommunications believes that they could maintain additional TVRO's within their existing budget, as well as take over any maintenance of LPTVs that Alascom may currently provide. The Division feels that since their technicians must visit those sites already for antenna system maintenance, the additional responsibility of a TVRO could be handled within existing resources.

The way the State handled the space and power demands for its present 102 TVRO locations was to ask communities to provide for them in order to receive RATNET service. The Division of Telecommunications believes that it would be impractical to handle additional TVROs any differently.

This is why no cost estimates for space, power and maintenance for either the TVROs or the LPTVs were included in the Alternative 1 and 2 spreadsheets. It is not that they would be zero cost items. It is simply that it is believed that these items would not require an increase in the Division's budget. The $588,672 in Alascom's Option 2 spreadsheet would be an additional cost.

You base your opinion that Alascom's Option 2 is clearly the more attractive on the cumulative savings totals for FY94. I would point out that in FY95, total cumulative savings from Alternative 1 would have increased by $0.94 million, from Alternative 2 by $1.25 million, and from Alascom's Option 2, by $0.54 million , the least amount. These amounts would continue to accrue annually.

You quite rightly note that economic considerations must be weighted for service reliability and readily available maintenance. The Division of Telecomunications argues that the type of TVRO for which cost estimates were obtained is proven, commercial quality technology that many cable television companies utilize. Is the service quality at locations where RATNET is received through currently State-owned and maintained TVROs any less than that received through the Alascom-owned and maintained TVROs now?

A check of the legislative language and legislative history of the Public Broadcasting Act of 1967 indicates that there was no linkage of "excess capacity" with the section calling for free or reduced rates for public broadcasting. Mr. John Witherspoon, who served as a consultant to the review team, comments on this point in his memo to the team which is included as one appendix to the report.

We are pleased that Alascom continues to be interested in providing television service to the people of Alaska and we certainly would welcome your participation in any future requests for proposal. However, we are not prepared at this time to comment on your assumptions concerning our contractual relationship or any possible termination liabilities.

I hope that I have adequately responded to your concerns. I do appreciate your taking the time to review the calculations and assumptions. If you have additional questions or comments on this issue or any other aspect of the draft report, please let me know. While the review team is making no recommendations concerning either RATNET, LearnAlaska, or public television, we hope to fully air possible ramifications of the various policy alternatives.

Thank you.

Sincerely,

Joan Kasson

Joan Kasson
Policy Analyst

cc: John Andrews, Commissioner, Department of Administration
Jim Fox, Deputy Commissioner, Department of Administration
Charles Northrip, Executive Director, Alaska Public Broadcasting Commission
Larry Pearson, for the House Special Committee on Telecommunications
Mel Hoversten, Director, Division of Telecommunications
Mary Halloran, Director, Division of Policy

Alascom, Inc. / 210 E. Bluff Rd. / P.O. Box 196607 / Anchorage, Alaska 99519-6607 / Tel 907-264-7796

George Shaginaw
Executive Vice President
& General Manager

JAN 11 1988

STRATEGIC PLANNING

January 8, 1988

Ms. Joan M. Kasson
Policy Analyst
State of Alaska
Office of Management and Budget
P.O. Box AD
Juneau, Alaska 99811

Dear Ms. Kasson:

We have reviewed your letters dated December 11, 1987 and December 18, 1987 and the evaluations accomplished of the various RATNET options available to the state. We are sorry to respond late, but it's difficult to formulate answers on short notice during the holiday season. It is important to note that there are deficiencies in the evaluations that severly impact the financial results.

In regards to the proposal to install television receive only stations (TVRO's) at each location, there are several deficiencies in your evaluation. To begin with, you have assumed $0 (zero) maintenance costs for the TVRO's once installed. It is not practical to assume that you can install a low cost TVRO ($7,425.00) and expect that no maintenance will be required. You also did not include any space and power charges for either your TVRO or the LPTV transmitters that are an integral part of the system.

In Alascom's proposal provided to former Commissioner Peska in April 1987, the $588,672 annual cost that remains in Option #2 after the state pays the entertainment television (ETV) downlink basic termination liability charge (BTL) is for space, power and maintenance only. All equipment costs are excluded. To do a fair evaluation of our proposals, you should either exclude the $588,672 from Alascom's numbers or add them where you have 0's (zeros) under your alternatives 1-A, 1-B, 2-A, and 2-B.

Also, Alascom has never been allowed to charge the state for space and power for either their ETV or instructional television (ITV) limited power television (LPTV) transmitter in Alascom's facilities. If the state builds TVRO's, those costs will, for the first time, require addressing. Alascom has been maintaining the LPTV transmitters located at Alascom sites for $48,000 annually. That cost remained in Alascom's options but was not reflected in any of the other alternatives. Further, no state alternative other than Alascom's included the cost of land.

It is puzzling to us that if you take the alternatives explored at face value (regardless of the cost omissions we have discussed) and look at which option makes financial sense, the Alascom options should have already been accepted. Alternative 2B gives the state the greatest cumulative savings by FY94 of $2,542,954. Alascom's option #2 results in a savings by FY94 of $2,415,351. The difference is that alternative 2B requires an investment by the state of $3,019,215 while Alascom's option #2 requires an investment of only $811,689. Clearly, the Alascom option is more attractive.

It is also possible to at least raise the question of the state accepting an inexpensive type of TVRO for service to the Bush communities versus the proven reliable technology of Alascom in our stations that provide message toll service. Alascom also has a technician force across the state to respond quickly when there are problems. The TVRO system you are contemplating does not. We believe that for you to install such a system could create such a maintenance nightmare and potentially such a poor service standard as to promote severe dissatisfaction to the viewers of the state.

In your December 11, 1987 letter, you discuss the FCC's intent that encourages common carriers to charge reduced rates for noncommercial broadcasting. It is our understanding that the intent of the referenced FCC order was to encourage common carriers to offer excess or "remaining" capacity to educational or public television providers at reduced rates. The southeast microwave channel was installed at the request of the state and specifically for one-way television service. It is not excess capacity on our network that could be used for other service. In fact, the only use it has is for one-way video. Clearly, a system such as this that was designed for and installed specifically for this service is outside the intent of this order.

Alascom continues to be very interested in providing television service to the constituents of the State of Alaska. If the state decides to go to bid for a new system, we assume that, per our contractual agreement, our termination liabilities will be paid and we will be given the opportunity to bid for a new system along with other potential suppliers.

We hope we have addressed your concerns and stand ready to discuss the alternatives we have discussed at your convenience.

Sincerely,

George S. Shaginaw

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF POLICY

STEVE COWPER, GOVERNOR

P.O. BOX AD
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

December 11, 1987

Mr. George Shaginaw
Executive Vice President
and General Manager
Alascom, Inc.
P.O. Box 6607
Anchorage, AK 99502-0607

Dear Mr. Shaginaw:

The Legislature has directed this agency to initiate discussions with your company concerning the rates charged the State of Alaska by Alascom to transmit the signal of the Rural Alaska Television Network (RATNET), as well as the rates for carrying KTOO public television over Alascom's Southeast Alaska microwave system. A copy of the relevant legislative intent from the FY88 budget is enclosed.

With the assistance of the Division of Telecommunications, this agency has preliminarily analyzed several scenarios, including two options Alascom proposed to former Department of Administration Commissioner Garrey Peska in a letter from you dated April 16, 1987. I have attached the draft worksheets outlining each alternative, and would appreciate your review and comments on them. Please feel free to call me if you would like to discuss this further or if I can answer any questions.

Alternatives 1A and 1B presume replacement of the 146 earth stations the State presently leases from Alascom. Alternatives 2A and 2B add a competitive bid option for the RATNET system leasing costs using informal estimates provided by a representative third-party vendor. (Other third-party vendor estimates are being sought.) The final two options, as noted above, are taken from your letter to former Commissioner Peska dated April 16, 1987. Both were modified to reflect 146 earth stations and current BTL costs . (The BTL figures as of November 1, 1987 were provided by Alascom.)

The Legislature also assigned a review team the task of looking into the ramifications of putting public television over the current RATNET system. Mr. Northrip of the Alaska Public Broadcasting Commission brought the enclosed Congressional and Federal Communications Commission intent to the review team's attention. The intent encourages common carriers to charge reduced rates for noncommercial broadcasting. If the State were to put only public television over RATNET, would Alascom lower its rates for transmission of that service? Will Alascom permit reduced rates for transmission of KTOO, a noncommercial station, over its Southeast Alaska microwave network?

I look forward to hearing from you.

Sincerely,

Joan M. Kasson
Policy Analyst

Enclosures

cc: Garrey Peska, Chief of Staff, Office of the Governor
Robert Evans, Legislative Liaison, Office of the Governor
Mary Halloran, Director, Division of Policy
John Andrews, Commissioner, Department of Administration
Review Team Members:
James Fox, Deputy Commissioner, Department of Administration
Mel Hoversten, Director, Division of Telecommunications
Charles Northrip, Executive Director, Alaska Public Broadcasting Commission
Larry Pearson, for the House Special Committee on Telecommunications

*** SEE ALSO APPENDICES B AND I WHICH WERE ATTACHED TO THIS LETTER.

ALASCOM-OWNED EARTH STATION
BTL SCHEDULE

10-Dec-87

BTL Rate (Per Day): $3.70

		BTL @ 11/1/87	BTL @ 7/1/88	BTL @ 7/1/89	BTL @ 7/1/90	BTL @ 7/1/91
First Year (Option A = FY90, Option B = FY89):						
1	Kobuk	4,586	3,687	2,336	986	0
2	Anchorage	4,886	3,987	2,636	1,286	0
3	Fairbanks	4,886	3,987	2,636	1,286	0
4	Juneau	4,886	3,987	2,636	1,286	0
5	Ruby	4,889	3,990	2,639	1,289	0
6	Chevak	4,889	3,990	2,639	1,289	0
7	Telida	5,008	4,109	2,758	1,408	57
8	Kodiak	5,008	4,109	2,758	1,408	57
9	Fort Yukon	5,008	4,109	2,758	1,408	57
10	Minto	5,008	4,109	2,758	1,408	57
11	Anvik	5,008	4,109	2,758	1,408	57
12	Ambler	5,008	4,109	2,758	1,408	57
13	Tanana	5,008	4,109	2,758	1,408	57
14	Russian Mission	5,008	4,109	2,758	1,408	57
15	Chalkyitsik	5,008	4,109	2,758	1,408	57
16	Valdez	5,008	4,109	2,758	1,408	57
17	Emmonak	5,008	4,109	2,758	1,408	57
18	St. Paul	5,008	4,109	2,758	1,408	57
19	Allakaket	5,008	4,109	2,758	1,408	57
20	Unalaska	5,008	4,109	2,758	1,408	57
21	Anaktuvuk	5,008	4,109	2,758	1,408	57
22	Whittier	5,008	4,109	2,758	1,408	57
23	Old Harbor	5,008	4,109	2,758	1,408	57
24	McGrath	5,008	4,109	2,758	1,408	57
25	Togiak	5,008	4,109	2,758	1,408	57
26	Noorvik	5,008	4,109	2,758	1,408	57
27	Bethel	5,008	4,109	2,758	1,408	57
28	Marshall	5,008	4,109	2,758	1,408	57
29	Holy Cross	5,008	4,109	2,758	1,408	57
30	Grayling	5,108	4,209	2,858	1,508	157
31	Koliganek	5,112	4,213	2,862	1,512	161
32	King Cove	5,112	4,213	2,862	1,512	161
33	Kiana	5,112	4,213	2,862	1,512	161
34	Wainwright	5,112	4,213	2,862	1,512	161
35	Huslia	5,112	4,213	2,862	1,512	161
36	Point Baker	5,115	4,216	2,865	1,515	164
			147,621			

Option B Subtotal: 147,621

Option B - Second Year (FY90):

37 Sand Point	5,141	4,242	2,891	1,541	190
38 Selawik	5,156	4,257	2,906	1,556	205
39 Mountain Village	5,160	4,261	2,910	1,560	209
40 Kotzebue	5,160	4,261	2,910	1,560	209
41 Scammon Bay	5,163	4,264	2,913	1,563	212
42 Hooper Bay	5,163	4,264	2,913	1,563	212
43 Crooked Creek	5,182	4,283	2,932	1,582	231
44 Nome	5,182	4,283	2,932	1,582	231
45 Tenakee Springs	5,186	4,287	2,936	1,586	235
46 Gambell	5,190	4,291	2,940	1,590	239
47 Barrow	5,193	4,294	2,943	1,593	242
48 Unalakleet	5,193	4,294	2,943	1,593	242
49 Shishmaref	5,200	4,301	2,950	1,600	249
50 Noatak	5,215	4,316	2,965	1,615	264
	252,473	355,139	139,993	72,468	5,625

Option A - Second Year (FY91):

51 Kaktovik	5,215	4,316	2,965	1,615	264
52 Larsen Bay	5,215	4,316	2,965	1,615	264
53 Nuiqsut	5,215	4,316	2,965	1,615	264
54 Sparrevohn	5,219	4,320	2,969	1,619	268
55 Kivalina	5,219	4,320	2,969	1,619	268
56 Red Devil	5,219	4,320	2,969	1,619	268
57 Hughes	5,219	4,320	2,969	1,619	268
58 Nulato	5,219	4,320	2,969	1,619	268
59 Port Alsworth	5,274	4,375	3,024	1,674	323
60 Rampart	5,282	4,383	3,032	1,682	331
61 Aniak	5,837	4,938	3,587	2,237	886
62 Adak	5,867	4,967	3,617	2,266	916
63 King Salmon	5,867	4,968	3,617	2,267	916
64 St. Michael	5,896	4,997	3,646	2,296	945
65 St. Mary's	5,896	4,997	3,646	2,296	945
66 Minchumina	5,900	5,001	3,650	2,300	949
67 Ketchikan	5,900	5,001	3,650	2,300	949
68 Tatitlek	5,904	5,005	3,654	2,304	953
69 Kongiganak	5,904	5,005	3,654	2,304	953
70 Iqiugig	5,904	5,005	3,654	2,304	953
71 Mekoryuk	5,907	5,008	3,657	2,307	956
72 Newtok	5,911	5,012	3,661	2,311	960
73 Kwigillingok	5,911	5,012	3,661	2,311	960
74 Ouzinkie	5,915	5,016	3,665	2,315	964
75 Stoney River	5,915	5,016	3,665	2,315	964
76 Port Moller	5,915	5,016	3,665	2,315	964
77 Port Graham	5,918	5,019	3,668	2,318	967
78 Sitka	5,918	5,019	3,668	2,318	967
79 Shaktoolik	5,922	5,023	3,672	2,322	971
80 Buckland	5,922	5,023	3,672	2,322	971
81 Pilot Point	5,922	5,023	3,672	2,322	971
82 Deering	5,922	5,023	3,672	2,322	971
83 Goodnews Bay	5,922	5,023	3,672	2,322	971

84 Alakanuk	5,922	5,023	3,672	2,322	971
85 Shageluk	5,926	5,027	3,676	2,326	975
86 Tooksook Bay	5,926	5,027	3,676	2,326	975
87 Kaltag	5,926	5,027	3,676	2,326	975
88 Illiamna	5,926	5,027	3,676	2,326	975
89 Koyukuk	5,926	5,027	3,676	2,326	975
90 Elim	5,926	5,027	3,676	2,326	975
91 Golovin	5,926	5,027	3,676	2,326	975
92 Nightmute	5,926	5,027	3,676	2,326	975
93 Kasaan	5,930	5,031	3,680	2,330	979
94 Kipnuk	5,930	5,031	3,680	2,330	979
95 Manley Hot Springs	5,930	5,031	3,680	2,330	979
96 Chefornak	5,933	5,034	3,683	2,333	982
97 Stevens Village	5,933	5,034	3,683	2,333	982
98 Chitina	5,941	5,042	3,691	2,341	990
99 Port Heiden	5,941	5,042	3,691	2,341	990
100 Sleetmute	5,944	5,045	3,694	2,344	993
	288,903	243,948	176,423	108,898	41,373

Third Year - Option A (FY92):

101 Quinhagak	5,944	5,045	3,694	2,344	993
102 Karluk	5,944	5,045	3,694	2,344	993
103 Circle	5,944	5,045	3,694	2,344	993
104 Eagle Village	5,948	5,049	3,698	2,348	997
105 Venetie	5,948	5,049	3,698	2,348	997
106 Nelson Lagoon	5,948	5,049	3,698	2,348	997
107 Arctic Village	5,952	5,053	3,702	2,352	1,001
108 False Pass	5,952	5,053	3,702	2,352	1,001
109 Beaver	5,952	5,053	3,702	2,352	1,001
110 Cape Pole	5,959	5,060	3,709	2,359	1,008
111 Ivanof Bay	5,967	5,068	3,717	2,367	1,016
112 Chignik	5,970	5,071	3,720	2,370	1,019
113 Perryville	5,970	5,071	3,720	2,370	1,019
114 Cold Bay	5,978	5,079	3,728	2,378	1,027
115 Koyuk	6,607	5,708	4,357	3,007	1,656
116 Atka	6,081	5,182	3,831	2,481	1,130
117 Kotlik	6,092	5,193	3,842	2,492	1,141
118 Akutan	6,100	5,201	3,850	2,500	1,149
119 New Stuyahok	6,100	5,201	3,850	2,500	1,149
120 Point Lay	6,103	5,204	3,853	2,503	1,152
121 Pedro Bay	6,103	5,204	3,853	2,503	1,152
122 Nikolski	6,159	5,260	3,909	2,559	1,208
123 Ekwok	6,196	5,297	3,946	2,596	1,245
124 Shungnak	6,215	5,316	3,965	2,615	1,264
			308,554		

Option B - Second Year Subtotal:

Third Year - Option B (FY91):

125	Savoonga	6,340	5,441	4,090	2,740	1,389
126	Central	6,385	5,486	4,135	2,785	1,434
127	Tin City (Wales)	6,470	5,571	4,220	2,870	1,519
128	Chignik Lake	6,496	5,597	4,246	2,896	1,545
129	Platinum	6,496	5,597	4,246	2,896	1,545
130	Tanunak	6,496	5,597	4,246	2,896	1,545
131	Council	6,548	5,649	4,298	2,948	1,597
132	Atkasuk	6,607	5,708	4,357	3,007	1,656
133	St. George	6,614	5,715	4,364	3,014	1,663
134	Akhiok	6,666	5,767	4,417	3,066	1,716
135	Chignik Lagoon	6,744	5,845	4,494	3,144	1,793
136	Point Hope	6,770	5,871	4,520	3,170	1,819
137	Coffman Cove	6,940	6,041	4,690	3,340	1,989
138	Pilot Station	7,051	6,152	4,801	3,451	2,100
139	Port Lions	7,580	6,681	5,330	3,980	2,629
140	Birch Creek	7,773	6,874	5,523	4,173	2,822
141	Kakhonak	7,832	6,933	5,582	4,232	2,881
142	Kalskag	8,058	7,159	5,808	4,458	3,107
143	English Bay	8,161	7,262	5,911	4,561	3,210
144	Halibut Cove	8,161	7,262	5,911	4,561	3,210
145	Hobart Bay	9,546	8,647	7,296	5,946	4,595
146	Atmautluak	10,508	9,609	8,258	6,908	5,557
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146		Option B - Third Year Subtotal:			81,040	
			Option A - Third Year Subtotal:			77,646
	GRAND TOTALS:	846,749	715,481	518,308	321,135	124,643

11-Dec-87

ASSUMPTIONS:

General:

Earth Station Purchase & Install. (Each):	17,000

Current Downlink Costs:

Annual Maintenance (Total):	48,000
Annual Leasing Costs (Each):	6,864
Number Of Earth Stations:	146
Total Annual Downlink Costs:	1,050,144

Current System Costs:

Alascom Transponder (Annual):	879,996
Alascom Uplink Costs (Annual):	153,144
TV Oper. Ctr. Cost (Annual):	76,128
Total Annual System Costs:	1,109,268

BTL Costs:

Option A - FY 90:	139,993
Option A - FY 91:	108,898
Option A - FY 92:	77,646
Option B - FY 89:	147,621
Option B - FY 90:	308,554
Option B - FY 91:	81,040

Depreciation:

Unit Cost: (Net of Install. & Freight)	7,425
Annual Depreciation:	10.0%
Annual Unit Depreciation:	743

STATUS QUO

	FY89	FY90	FY91	FY92	FY93	FY94
Transponder	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks .	153,144	153,144	153,144	153,144	153,144	153,144
ETV Downlinks	1,002,144	1,002,144	1,002,144	1,002,144	1,002,144	1,002,144
ETV Maint.	48,000	48,000	48,000	48,000	48,000	48,000
TV Oper. Center	76,128	76,128	76,128	76,128	76,128	76,128
	2,159,412	2,159,412	2,159,412	2,159,412	2,159,412	2,159,412

ALTERNATIVE #1-A * - (State Purchase Of Earth Stations/Alascom System Costs)

	FY89	FY90	FY91	FY92	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,050,144	1,680,499	1,289,765	859,646	0	0
Depreciation:	0	37,125	74,250	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks:	153,144	153,144	153,144	153,144	153,144	153,144
TV Oper. Center:	76,128	76,128	76,128	76,128	76,128	76,128
Total Cost:	2,159,412	2,826,892	2,473,283	2,077,319	1,217,673	1,217,673

Total Investment: 2,808,537
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	0	(667,480)	(313,871)	82,093	941,739	941,739
Cumulative Savings:		(667,480)	(981,351)	(899,258)	42,481	984,220

Breakeven Point: FY93

*
Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 50 earth stations in FY90, 50 in FY91, and the remaining 46 in FY92.

ALTERNATIVE #1-B * - (State Purchase Of Earth Stations/Alascom System Costs)
Accelerated Installation

	FY89	FY90	FY91	FY92	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,550,825	1,962,795	455,040	0	0	0
Depreciation:	26,730	92,070	108,405	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks:	153,144	153,144	153,144	153,144	153,144	153,144
TV Oper. Center:	76,128	76,128	76,128	76,128	76,128	76,128
Total Cost:	2,686,823	3,164,133	1,672,713	1,217,673	1,217,673	1,217,673

Total Investment: 3,019,215
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	(527,411)	(1,004,721)	486,699	941,739	941,739	941,739
Cumulative Savings:		(1,532,132)	(1,045,433)	(103,694)	838,045	1,779,784

Breakeven Point: FY93

*
Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 36 earth stations in FY89 (25%), 88 in FY90 (60%), and 22 in FY91 (10%).

ALTERNATIVE #2A* - (State Purchase Of Earth Stations/GCI Estimated System Costs)

	FY89	FY90	FY91	FY92	FY93**	FY94
Purch., Btl, Install., Maint., & Lease:	1,050,144	1,680,499	1,289,765	859,646	0	0
Depreciation:	0	37,125	74,250	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	879,996	720,000	720,000
Uplinks:	153,144	153,144	153,144	153,144	84,000	84,000
TV Oper. Center:	76,128	76,128	76,128	76,128	0	0
Total Cost:	2,159,412	2,826,892	2,473,283	2,077,319	912,405	912,405

Total Investment: 2,808,537
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	0	(667,480)	(313,871)	82,093	1,247,007	1,247,007
Cumulative Savings:		(667,480)	(981,351)	(899,258)	347,749	1,594,756

Breakeven Point: FY93

* Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 50 earth stations in FY90, 50 in FY91, and the remaining 46 in FY92. GCI estimate effective 7/1/92.

** Costs are the same as Alternative #1A until FY93, since the system could not go to bid until all Alascom-owned earth stations are replaced.

ALTERNATIVE #2B* - (State Purchase Of Earth Stations/GCI Estimated System Costs)
Accelerated Installation

	FY89	FY90	FY91	FY92**	FY93	FY94
Purch., Btl, Install., Maint., & Lease:	1,550,825	1,962,795	455,040	0	0	0
Depreciation:	26,730	92,070	108,405	108,405	108,405	108,405
Transponder:	879,996	879,996	879,996	799,998	720,000	720,000
Uplinks:	153,144	153,144	153,144	118,572	84,000	84,000
TV Oper. Center:	76,128	76,128	76,128	38,064	0	0
Total Cost:	2,686,823	3,164,133	1,672,713	1,065,039	912,405	912,405

Total Investment: 3,019,215
(Purchase + Install. + BTL)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	(527,411)	(1,004,721)	486,699	1,094,373	1,247,007	1,247,007
Cumulative Savings:		(1,532,132)	(1,045,433)	48,940	1,295,947	2,542,954

Breakeven Point: FY92

* Assumes that purchase and installation costs, as well as BTL's, are incurred according to the following schedule: 36 earth stations in FY89 (25%), 88 in FY90 (60%), and 22 in FY91 (10%). GCI estimate effective 1/1/92.

** Costs are the same as Alternative #1B until mid-FY92, since the system could not go to bid until all Alascom-owned earth stations are replaced.

ALASCOM OPTION #1

	FY89	FY90	FY91	FY92
Transponder	879,996	879,996	879,996	879,996
Uplinks	75,168	75,168	75,168	75,168
ETV Downlinks	907,536	907,536	907,536	907,536
ETV Maint.*	48,000	48,000	48,000	48,000
TV Oper. Center	62,640	62,640	62,640	62,640
Total Annual Cost:	1,973,340	1,973,340	1,973,340	1,973,340

Total Investment:** 0

	FY89	FY90	FY91	FY92
Savings:	186,072	186,072	186,072	186,072
Cumulative Savings:		372,144	558,216	744,288

*
Alascom included maintenance in a total which also reflected disputed space and power charges for LPTV's collocated in Alascom facilities. Assumption in the table is that maintenance would remain the same as status quo.

**Table included in Discussion Draft of report indicated an investment requirement of $17,000. This was a typographical error. Actual investment required by this Option is 0.

ALASCOM OPTION #2

	FY89*	FY90	FY91	FY92	FY93	FY94
Transponder	879,996	879,996	879,996	879,996	879,996	879,996
Uplinks	109,694	57,216	57,216	57,216	57,216	57,216
ETV Downlinks	1,304,153	588,672	588,672	588,672	588,672	588,672
ETV Maint.**	48,000	48,000	48,000	48,000	48,000	48,000
TV Oper. Center	91,418	47,688	47,688	47,688	47,688	47,688
	2,433,261	1,621,572	1,621,572	1,621,572	1,621,572	1,621,572

Total Investment: 811,689

(ETV downlink BTL's [FY89 total] and proposed non-recurring charges to prepay leasing rates on uplinks and TV Oper. Center.)

	FY89	FY90	FY91	FY92	FY93	FY94
Savings:	(273,849)	537,840	537,840	537,840	537,840	537,840
Cumulative Savings:		263,991	801,831	1,339,671	1,877,511	2,415,351

Breakeven Point: FY90

* FY89 costs include non-recurring charges paid up front.

** Alascom included maintenance in a total which also reflected disputed space and power charges for LPTV's collocated in Alascom facilities. Assumption in the table is that maintenance would remain the same as status quo.

Source: Division of Policy, Office of the Governor.

Alascom, Inc. / 210 E. Bluff Rd. / P.O. Box 6607 / Anchorage, Alaska 99502-0607 / Tel 907-264-7700

George Shaginaw
Executive Vice President
& General Manager

ALASCOM

April 16, 1987

OFFICE OF
MANAGEMENT & BUDGET
NOV 30 1987
STRATEGIC PLANNING

Commissioner Gary Peska
Department of Administration
State of Alaska
P. O. Box C
Juneau, Alaska 99811

Dear Commissioner Peska:

Based on our meeting last week, I have attempted to reconcile the figures for the ETV project we discussed and to outline potential action the state might take to recognize savings on an ongoing basis.

In reviewing your Ratnet - Alascom charges, State paper dated April 2, 1987, total Alascom $2,518,600, I have compared those numbers to our current information (See Work Papers, attached) and have Alascom requirements for services listed at $2,353,636. Please recognize that you do not have a BTL on the Anchorage uplink, the Juneau uplink or the operations center. You could discontinue all or any of these services, if you desire, based on need or better way in the State's mind to do it. The Mini-Xmtr service is primarily space and power charges where the State's Mini-TV's are collocated with us or we provide maintenance for the State at its request. No BTL is included here if you wish to move equipment or have the State provide its own maintenance.

Based on the numbers in the current charges, I have attached two optional plans for your consideration. The first optional plan offered is a reduction of rates for most currently offered services. This plan would not require any BTL payoff or upfront monies, and save the State approximately $200,000 annually, exclusive of Mini-TV services. With the projected $100,000 increase in Mini-TV services, a net saving of approximately $100,000 would be realized. This plan would require a four year commitment from the State and would be subject to FCC regulatory approval.

The second optional plan offered would require a non-recurring charge of $1.1 million dollars, but would save the State $.5 million dollars annually in recurring charges, exclusive of Mini-TV services. This plan is offered on a year by year basis. Of course, the non-recurring charge would only be required the first year.

Additionally, combinations of Option 1 and Option 2 are possible. Attached is a copy of a set of work papers detailing the current charges, Option 1 and 2 charges and the annual savings the State would realize as compared to current levels of service. From these work papers, you can select any combination of the two options. An example would be, for instance, to pay the remaining BTL on the 142 downlinks, which would require a non-recurring charge of $.9 million dollars (W/P3) and reduce the recurring charges by $.4 million annually (WP4). The recurring charges for the remaining facilities could then computed using the charges as shown on W/P 2.

As you requested, I have also attached a listing of remaining BTL's on a site and time period basis.

The flexibility offered by this proposal reflects the Company's continuing efforts in providing television services to the State of Alaska in the most economical fashion possible. If you have any questions or require further information on this proposal, please don't hesitate to contact me.

Sincerely,

George S. Shadinaw

GSS/jls

Enclosures

cc: Representative Al Adams, State of Alaska
Representative Mike Davis, State of Alaska
Mike Nichols, VP Marketing, Alascom

W/P 1

STATE OF ALASKA TV SERVICE
DETAILED ALASCOM CURRENT CHARGES
4/14/87

DESCRIPTION	CURRENT CHARGE PER UNIT	UNITS	MONTHLY	ANNUAL
Transponder	73,333	1	73,333	880,000
Anchorage Uplink NO BTL	6,381	1	6,381	76,572
Juneau Uplink NO BTL	6,381	1	6,381	76,572
Kotzebue Uplink	7,313	1	7,313	87,756
ETV Downlink	572	142	81,224	974,688
Operations Center NO BTL	6,344	1	6,344	76,128
Sub Total			180,976	2,171,716
Mini-Xmtr Service*			15,160	181,920
Total Including Mini Service			196,136	2,353,636

* Includes space, power and maintenance of selected Mini's. Budgeted amount of $278,800 includes projected space and power monthly charge increase, increased maintenance costs and occasional use charges.

W/P 2

STATE OF ALASKA TV SERVICE
DETAILED OPTION 1 CHARGES
4/14/87

	DETAIL OPTION 1*			
DESCRIPTION	PER UNIT	UNITS	MONTHLY	ANNUAL
Transponder	73,333	1	73,333	880,000
Anchorage Uplink	3,132	1	3,132	37,584
Juneau Uplink	3,132	1	3,132	37,584
Kotzebue Uplink	6,915	1	6,915	82,980
ETV Downlink	518	142	73,556	882,672
Operations Center	5,220	1	5,220	62,640
Sub Total			165,288	1,983,460
Mini-Xmtr Service*			23,233	278,800
Total Including Mini Service			188,521	2,262,260

* Option 1 pricing includes reduced rate of return (12% from 13%), flow through of reduced income taxes (reduction in corporate rates from 46% to 34%), and reduced rate base computed on basis of accumulated depreciation to 7/87. Remaining unamortized costs amortized over 4 year period. This option does not require any upfront money.

W/P 3

STATE OF ALASKA TV SERVICE
DETAILED OPTION 2 CHARGES
4/14/87

	DETAIL OPTION 2*				
DESCRIPTION	PER UNIT	UNITS	MONTHLY	ANNUAL	BTL/NRC**
Transponder	73,333	1	73,333	880,000	0
Anchorage Uplink**	2,384	1	2,384	28,608	26,239
Juneau Uplink**	2,384	1	2,384	28,608	26,239
Kotzebue Uplink	4,533	1	4,533	54,396	83,579
ETV Downlink	336	142	47,712	572,544	909,089
Operations Center**	3,974	1	3,974	47,688	43,730
Sub Total			134,320	1,611,844	1,088,876
Mini-Xmtr Service*			23,233	278,800	0
Total Including Mini Service			157,553	1,890,644	1,088,876

* Option 2 requires BTL payoff (7/87) of $1,088,876, which is detailed under the BTL column. Monthly charges are for maintenance only type items.

** BTL's are not applicable for these items. A Non-Recurring charge is only offered as a option so that future recurring charges can be reduced.

W/P 4

STATE OF ALASKA TV SERVICE
COMPARISON OF CURRENT CHARGES
W/OFFERED OPTIONS
4/14/87

DESCRIPTION	ANNUAL CHARGES CURRENT	OPTION 1	SAVINGS	%
Transponder	880,000	880,000	0	0%
Anchorage Uplink	76,572	37,584	38,988	51%
Juneau Uplink	76,572	37,584	38,988	51%
Kotzebue Uplink	87,756	82,980	4,776	5%
ETV Downlink	974,688	882,672	92,016	9%
Operations Center	76,128	62,640	13,488	18%
Sub Total	2,171,716	1,983,460	188,256	9%
Mini-Xmtr Service*	181,920	278,800	(96,880)	-53%
Total	2,353,636	2,262,260	91,376	4%

DESCRIPTION	ANNUAL CHARGES CURRENT	OPTION 2*	SAVINGS	%
Transponder	880,000	880,000	0	0%
Anchorage Uplink	76,572	28,608	47,964	63%
Juneau Uplink	76,572	28,608	47,964	63%
Kotzebue Uplink	87,756	54,396	33,360	38%
ETV Downlink	974,688	572,544	402,144	41%
Operations Center	76,128	47,688	28,440	37%
Sub Total	2,171,716	1,611,844	559,872	26%
Mini-Xmtr Service*	181.920	278,800	(96,880)	-53%
Total	2,353,636	1,890,644	462,992	20%

* Requires Non Recurring Charge (NRC) of $1,088,876, see w/p 3.

STATE ETV DOWNLINKS.
REMAINING BTL'S (AMOUNTS AND MONTHS) AS OF 7/1/87
BTL AMOUNT COMPUTED FOR MONTHS AND DAYS (MO'S ROUNDED)

LOCATION	BTL	MO'S	LOCATION	BTL	MO'S	LOCATION	BTL	MO'S
ANVIK	1,994.98	18	ST. GEORGE	5,774.08	52	ST MICHAEL	6,540.22	59
KOYUKUK	2,002.42	18	KIVALINA	5,774.08	52	MAINWRIGHT	6,547.62	59
AMBLER	2,076.42	19	HUGHES	5,774.08	52	PEDRO BAY	6,555.06	59
EMMONAK	2,076.42	19	RED DEVIL	5,822.18	52	PORT ALSWORTH	6,555.06	59
ST MARYS	5,548.26	50	GAMBEL	5,855.48	53	NEW STUYAHOK	6,538.76	59
GRAYLING	5,552.00	50	KING SALMON	6,336.68	57	ADAK	6,566.16	59
CHEVAK	5,555.70	50	KOTLIK	6,344.08	57	HOOPER BAY	6,569.86	59
HOLY CROSS	5,563.10	50	QUINHAGAK	6,358.88	57	BUCKLAND	6,588.36	59
CHALKYITSIK	5,563.10	50	PORT LIONS	6,384.78	57	GOODNEWS BAY	6,588.36	59
KODIAK	5,651.90	51	SPARREVOH	6,388.48	58	GOLOVIN	6,592.06	59
TELIDA	5,651.90	51	PERRYVILLE	6,466.22	58	ELIM	6,592.06	59
TANANA	5,651.90	51	KOTZEBUE	5,692.64	58	BEAVER	6,595.76	59
ANAKTUVUK	5,651.90	51	IVANOFF BAY	6,469.92	58	CHEFORNAK	6,599.46	59
ST PAUL	5,651.90	51	CROOKED CREEK	6,473.62	58	ARCTIC VLG	6,617.96	60
VALDEZ	5,651.90	51	NELSON LAGOON	6,488.42	58	CHIGNIK	6,636.46	60
MCGRATH	5,651.90	51	VENETIE	6,488.42	58	COLD BAY	6,643.86	60
OLD HARBOR	5,651.90	51	KARLUK	6,492.12	58	FALSE PASS	6,654.96	60
NOORVIK	5,651.90	51	RAMPART	6,492.12	58	SITKA	6,666.10	60
MINTO	5,651.90	51	CHITINA	6,495.82	58	DEERING	6,699.40	60
WHITTIER	5,651.90	51	STEVENS VILLAGE	6,503.22	59	NIKOLSKI	6,721.60	61
TOGIAK	5,651.90	51	ANIAK	6,503.22	59	EAGLE VLG	6,725.30	61
UNALASKA	5,651.90	51	KASAAN	6,506.92	59	ATKA	6,747.50	61
SAND POINT	5,651.90	51	KIPNUK	6,506.92	59	EKWOK	6,751.20	61
NUIQSUT	5,663.04	51	MANLEY	6,506.92	59	AKUTAN	6,766.00	61
LARSEN BAY	5,666.74	51	ILLIAMNA	6,510.62	59	KETCHIKAN	6,828.94	61
KIANA	5,666.74	51	SHAKTOOLIK	6,510.62	59	ALLAKAKET	6,984.38	63
TIN CITY	5,666.74	51	KALTAG	6,510.62	59	ALAKANUK	7,051.02	63
NOATAK	5,666.74	51	TOKSOOK	6,510.62	59	POINT BAKER	7,051.02	63
KING COVE	5,666.74	51	PILOT STATION	6,514.32	59	CENTRAL	7,051.02	63
KOLIGANEK	5,666.74	51	PILOT POINT	6,514.32	59	TANUNAK	7,051.02	64
KAKTOVIK	5,666.74	51	SHISHMAREF	6,514.32	59	MARSHALL	7,154.66	64
FORT YUKON	5,674.14	51	CAPE POLE	6,514.32	59	COUNCIL	7,213.86	65
SCAMMON BAY	5,674.14	51	RUSSIAN MISSION	6,518.02	59	AKHIOK	7,221.30	65
SHUNGNAK	5,681.54	51	NEWTOK	6,518.02	59	POINT LAY	7,221.30	65
BARROW	5,688.94	51	NIGHTMUTE	6,518.02	59	ATKASUK	7,273.10	65
UNALAKLEET	5,688.94	51	PORT HEIDEN	6,518.02	59	CHIGNIK LAG	7,410.04	67
KOBUK	5,696.34	51	SLEETMUTE	6,518.02	59	PORT MOLLER	8,187.32	74
NOME	5,700.04	51	STONEY RIVER	6,521.72	59	BIRCH CREEK	8,328.00	75
SELAWIK	5,718.54	51	OUZINKIE	6,521.72	59	CHIGNIK LAKE	8,494.54	76
MT VILLAGE	5,722.24	52	KWIGILLINGOK	6,525.42	59	KOTZEBUE UPLINK	83,578.86	76
SHAGELUK	5,725.94	52	MEKORYUK	6,529.12	59	KAKHONAK	8,524.14	77
TENAKEE SPRINGS	5,733.34	52	PORT GRAHAM	6,529.12	59	COFFMAN COVE	8,575.98	77
SAVOONGA	5,740.74	52	TATITLEK	6,532.82	59	ENGLISH BAY	8,605.58	77
POINT HOPE	5,766.64	52	IGUIGIG	6,532.82	59	HALIBUT COVE	8,827.66	79
HUSLIA	5,770.34	52	KONGIGANEK	6,532.82	59	KOYUK	9,827.02	88
NULATO	5,774.08	52	CIRCLE	6,536.52	59	KALSKAG	9,997.30	90
RUBY	5,774.08	52	MINCHUMINA	6,536.52	59	PLATINUM	10,271.18	92
						HOBART BAY	10,874.48	98
						ATMAUTLUAK	11,178.00	101

APPENDIX D

THE CENTER FOR COMMUNICATIONS
SAN DIEGO STATE UNIVERSITY
SAN DIEGO CA 92182

(619) 265-6933

THE CENTER FOR COMMUNICATIONS

The Center for Communications, a unit of San Diego State University, addresses research and development questions in the field of communications, with emphasis on applications of telecommunications technology.

Center projects are funded through grants and contracts with industry, government, philanthropy, and education. Its scope is interdisciplinary and university-wide.

The Center conducts training, research, development, and analysis projects on telecommunications issues and the applications of communication technology; conducts conferences and seminars in these areas; seeks to facilitate and, as appropriate, administer research projects of interest to faculty members and advanced students in participating departments; and provides a mechanism for cooperation with companies in the communications field and with other institutions.

The Center administers the University's Program on Communication for National Development and is the SDSU home of the San Diego Communications Council, which is comprised of leading companies in the fields of communications and information.

Past and current Center projects include administration of the University's Program on Communication for National Development, management of a national consortium assessing the applications of electronic text for higher education; a major telecommunication requirements study and planning project for California's public sector; statewide development of microcomputer applications in the public library system; applications of telecommunications/information technology for continuing education and training; investigation of long-term communications requirements of small Pacific Island nations; a sequence of experiments in interactive videotex; policy studies and symposia on current issues in telecommunication; applications of telecommunications technology and mass media in developing countries; design and production of interactive laser-optical videodiscs; and publication of studies regarding applications of technology.

Director of the Center is John P. Witherspoon.

APPENDIX E

PRINT TVList SORTED BY SITE

TV List

1/19/88

ID	Site	State	Alascom	ITV	Alascom Maintained
1	Adak		X	X	X
2	Akhiok		X	X	X
3	Akiak	X		X	
4	Akutan		X	X	X
5	Alakanuk		X	X	
6	Aleknagik	X		X	
7	Allakaket		X	X	
8	Ambler		X	X	X
9	Anaktuvuk Pass		X	X	X
10	Anchorage		X		
11	Anderson				
12	Angoon	X		X	
13	Aniak		X	X	
14	Anvik		X	X	
15	Arctic Village		X	X	X
16	Atka	X	X	X	X
17	Atkasuk		X	X	X
18	Atmautluak		X	X	
19	Barrow		X	X	X
20	Beaver		X	X	
21	Bethel		X	X	
22	Bettles	X		X	
23	Big Lake	X			
24	Birch Creek		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
25	Brevig Mission				
26	Buckland		X	X	X
27	Cantwell	X		X	
28	Cape Pole		X	X	X
29	Central		X	X	
30	Chalkyitsik		X	X	
31	Chefornak		X	X	X
32	Chenega	X			
33	Chevak		X	X	X
35	Chignik		X	X	X
36	Chignik Lagoon		X	X	X
37	Chignik lake		X	X	X
34	Chikaloon	X			
38	Chistochina	X		X	
39	Chitina		X	X	
40	Chuathbaluk	X		X	
41	Circle		X	X	
42	Circle Hot Springs			X	
43	Clam Gulch			X	
44	Clarks Point	X		X	
45	Coffman Cove		X	X	X
46	Cold Bay		X	X	X
47	Cooper Landing	X		X	
48	Copper Center	X		X	
49	Cordova	X		X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
50	Corner Bay				
51	Council		X	X	X
52	Craig	X		X	
53	Crooked Creek		X	X	
54	Deering		X	X	X
55	Delta Junction	X		X	
56	Dillingham	X		X	
57	Diomede	X			
58	Dot Lake	X		X	
59	Dutch Harbor				
60	Eagle River	T			
61	Eagle Village		X	X	
62	Eek	X		X	
63	Egegik	X		X	
64	Eight Fathom Bight	X		X	
65	Ekuk	X		X	
66	Ekwok		X	X	
67	Elim		X	X	X
68	Emmonak		X	X	
69	English Bay		X	X	
70	Ernestine	X		X	
71	Fairbanks		X		
72	False Pass		X	X	X
73	Fort Yukon		X	X	
74	Freshwater Bay	X		X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
75	Gakona	X		X	
76	Galena	X		X	X
77	Galena AFS			X	
78	Gambell		X	X	X
79	Girdwood	X(M)		X	
80	Glennallen	X		X	
81	Golovin		X	X	X
82	Goodnews Bay		X	X	
83	Gravina Island	X		X	
84	Grayling		X	X	
85	Gustavus	X		X	
86	Haines	X		X	X
87	Halibut Cove		X	X	
88	Healy	X		X	
89	Hobart Bay		X	X	
90	Hollis	X		X	
91	Holy Cross		X	X	
92	Hoonah	X		X	
93	Hooper Bay		X	X	X
94	Hope	X		X	
95	Hughes		X	X	X
96	Huslia		X	X	X
97	Hydaburg	X		X	
98	Hyder	X		X	
99	Igiugig		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
100	Illiamna		X	X	
101	Ivanof Bay		X	X	X
102	Juneau	X	X		
103	Kake	X		X	X
104	Kakhanok		X	X	
105	Kaktovik		X	X	X
106	Kalskag		X	X	
107	Kaltag		X	X	X
108	Karluk		X	X	
109	Kasaan		X	X	
110	Kasigluk	X		X	
111	Kasilof				
112	Kenai				
113	Kenny Lake				
114	Ketchikan		X		
115	Kiana		X	X	X
116	King Cove		X	X	X
117	King Mountain	X			
118	King Salmon		X	X	X
119	Kipnuk		X	X	
120	Kivalina		X	X	X
121	Klawock	X		X	
122	Klukwan	X		X	
123	Kobuk		X	X	X
124	Kodiak		X	X	X

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
125	Koliganek		X	X	
126	Kongiganak		X	X	
127	Kotlik		X	X	
128	Kotzebue		X	X	X
129	Koyuk		X	X	X
130	Koyukuk		X	X	X
131	Kwethluk	X		X	
132	Kwigillingok		X		
133	Labouchere Bay	X		X	
134	Lake Louise	X			
135	Larsen Bay		X	X	
136	Levelock	X		X	
137	Lime Village	X		X	
138	Long Island	X		X	
139	Manley Hot Springs		X	X	
140	Manokotak	X		X	
141	Marshall		X	X	
142	McGrath		X	X	X
143	McKinley Park	X			
144	Mekoryuk		X	X	X
145	Mentasta Lake	X		X	
146	Meshik (Port Heiden)				X
147	Metlakatla	X		X	
148	Meyers Chuck	X		X	
149	Minchumina		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
150	Minto		X	X	
151	Moose Pass	X		X	
152	Mosquito Lake	X		X	
153	Mountain Village		X	X	
154	Naknek	X		X	
155	Na akiak	X			
156	Napaskiak	X		X	
157	Naukati Bay	X		X	
158	Nelson Lagoon		X	X	X
159	Nenana	X		X	
160	New Stuyahok		X	X	
161	Newtok		X	X	X
162	Nightmute		X	X	X
163	Nikolai	X		X	
164	Nikolski		X	X	X
165	Ninilchik				
166	Noatak		X	X	X
167	Nome		X	X	X
168	Nondalton	X		X	
169	Noorvik		X	X	X
170	North Kenai			X	
171	Northway	X		X	
172	Nuiqsut		X	X	X
173	Nulato		X	X	X
174	Old Harbor		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
175	Oscarville				
176	Ouzinkie		X	X	
177	Palmer	X			
178	Paxson	X		X	
179	Pedro Bay		X	X	
180	Pelican	X		X	
181	Perryville		X	X	X
182	Petersburg	X		X	X
183	Pilot Point		X	X	
184	Pilot Station		X	X	
185	Pitkas Point	X		X	
186	Platinum		X		
187	Point Baker		X	X	
188	Point Hope		X	X	X
189	Point Lay		X	X	X
190	Port Alice	X		X	
191	Port Alsworth		X	X	
192	Port Graham		X	X	
193	Port Heiden (Meshik)		X	X	
194	Port Lions		X	X	
195	Port Moller		X	X	X
196	Port Protection (other)				
197	Portage Creek	X		X	
198	Quinhagak		X	X	
199	Rampart		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
200	Red Devil		X	X	
201	Rowan Bay	X		X	
202	Ruby		X	X	X
203	Russian Mission		X	X	
204	Saint George		X	X	X
205	Saint Mary		X	X	X
206	Saint Michael		X	X	X
207	Saint Paul		X	X	X
208	Sand Point		X	X	X
209	Savoonga		X	X	X
210	Scammon Bay		X	X	X
211	Scow Bay				
212	Selawik		X	X	X
213	Seldovia	M			
214	Seward	X		X	
215	Shageluk		X	X	
216	Shaktoolik		X	X	X
217	Sheep Mountain	X		X	
218	Sheldon Point	X		X	
219	Shishmaref		X	X	X
220	Shungnak		X	X	X
221	Sitka		X	X	X
222	Skagway	X		X	
223	Slana	X		X	
224	Sleetmute		X	X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
225	Soldotna				
226	Sparrevohn		X	X	X
227	Stebbins	X		X	
228	Sterling	X		X	
229	Stevens Village		X	X	
230	Stony River		X	X	
231	Sutton	X		X	
232	Takotna	X		X	
233	Talkeetna	X		X	
234	Tanana		X	X	
235	Tanunak		X	X	X
236	Tatitlek		X	X	X
237	Tazlina	X		X	
238	Telida		X	X	
239	Teller	X		X	
240	Tenakee Springs		X	X	
241	Tetlin	X		X	
242	Thorne Bay	X		X	
243	Tin City		X	X	
244	Togiak		X	X	
245	Tok	X		X	
246	Toksook Bay		X	X	X
247	Tolsona	X		X	
248	Trapper Creek	X		X	
249	Tuluksak	X		X	

TV List

ID	Site	State	Alascom	ITV	Alascom Maintained
250	Tuntutuliak	X		X	
251	Tyee	X		X	
252	Tyonek			X	
253	Unalakleet		X	X	X
254	Unalaska		X	X	X
255	Valdez		X	X	
256	Venetie		X	X	
257	Wainwright		X	X	X
258	Wales	X		X	
259	Whales Pass	X		X	
260	White Mountain	X		X	
261	Whittier		X	X	
262	Willow	X		X	
263	Willow Mountain	X		X	
264	Womans Bay	X			
265	Wrangell	X		X	
266	Yakutat	X		X	

APPENDIX F

NETLINK USA

Serving America's Unserved Markets

CABLE OPERATOR'S RATE CARD
EFFECTIVE OCTOBER 1, 1987

NETLINK USA-RATES PER EQUIVALENT BILLING UNIT (SEE CONTRACT FOR EXACT DEFINITION)		MONTHLY RATE
1.	6 CHANNELS	$0.64
2.	4 NETS AND KDVR OR KTV	$0.58
3.	4 NETS	$0.55
4.	3 NETS AND KDVR AND KTV	$0.51
5.	3 NETS AND KDVR OR KTV	$0.46
6.	3 NETS	$0.43
7.	2 NETS AND KDVR AND KTV	$0.41
8.	2 NETS AND KDVR OR KTV	$0.36
9.	2 NETS	$0.31
10.	1 NET AND KDVR AND KTV	$0.29
11.	1 NET AND KDVR OR KTV	$0.23
12.	1 NET	$0.16
13.	KDVR AND KTV	$0.15
14.	KDVR OR KTV	$0.08

NETS ARE: ABC, NBC, CBS, AND PBS FROM DENVER

5808 Lake Washington Blvd. N.E., Suite 101, Kirkland, WA 98033 • (206) 827-2711 • (800) 832-4321

NETLINK USA

Serving America's Unserved Markets

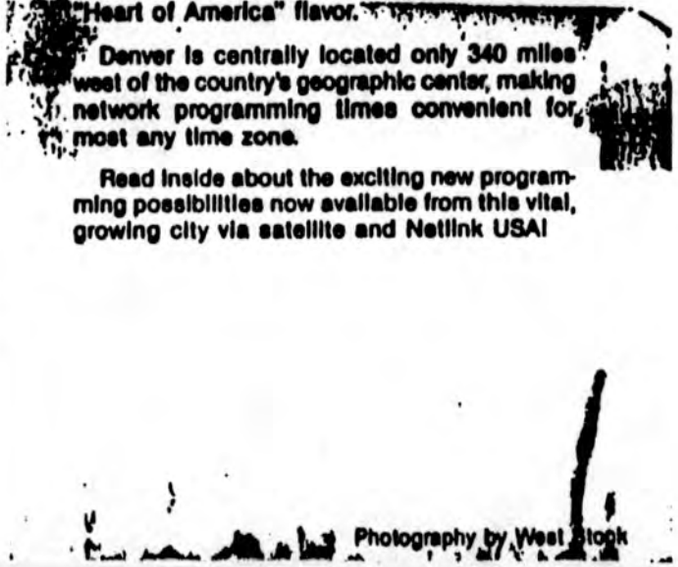
Welcome to Cable TV's first "SuperCity."

With the launch of Netlink USA, Denver, Colorado, is destined to become a Cable TV SuperCity.

Denver was chosen by Netlink USA because it combines, for your subscribers, a major TV market vitality and quality with a comfortable "Heart of America" flavor.

Denver is centrally located only 340 miles west of the country's geographic center, making network programming times convenient for most any time zone.

Read inside about the exciting new programming possibilities now available from this vital, growing city via satellite and Netlink USA!



Photography by West Stock

NETLINK USA

Serving America's Unserved Markets

Serving America's unserved markets with..

- Valuable broadcast network programming.
- Quality reception.
- Reliable satellite delivery.

FOR MORE INFORMATION CALL:

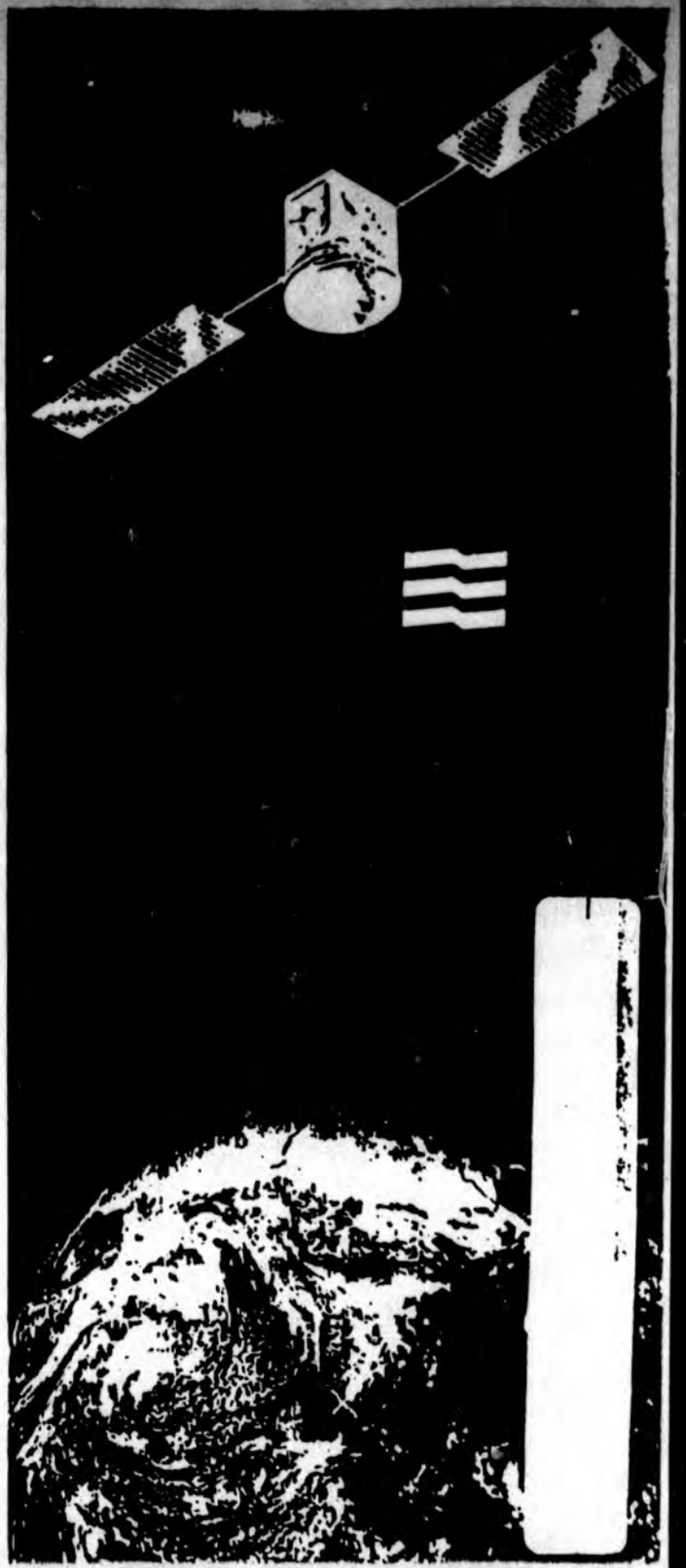
1 - 800 - 832 - 4321

or

1 - 206 - 827 - 2711

FREE DISH PROGRAM AVAILABLE TO EARLY CUSTOMERS

5808 LK. WASH. BLVD. NE
SUITE 101
KIRKLAND, WA 98033



NETLINK USA SERVICE AGREEMENT

1. Parties. This Agreement is made between Netlink USA, a partnership, with its principal place of business at 5808 Lake Washington Boulevard N.E., Suite 101, Kirkland, Washington 98033 ("Netlink"), and _____, with its principal place of business at _____, ("Customer").

2. Services. Netlink shall deliver, on a nonexclusive basis, certain television broadcast and other signals ("Services") to earth stations listed by Customer in Schedule A to this Agreement. Netlink shall also enable, on a nonexclusive basis, the descrambling devices listed on Schedule A to descramble, when necessary, the Services selected by Customer in Schedule A.

3. Distribution to Subscribers: Customer shall distribute the Services selected for reception in Schedule A to its wired cable subscribers in accordance with the terms and conditions of this Agreement, including the Schedules to this Agreement, which are incorporated herein. Customer shall be responsible for providing, installing, and maintaining all equipment that is necessary to receive the Services selected in Schedule A and to deliver high quality signals of such Services to subscribers. Customer shall not authorize or permit the Services selected for reception in Schedule A to be used for any purpose other than distribution to Customer's wired cable television subscribers.

4. Change of Satellite/Scrambling Technology: Netlink transmits its Services via RCA Americom Satellite 1R. If Netlink decides to change the domestic communications satellite from which Netlink transmits any Service received by Customer, or requires the replacement or modification of the descrambling devices listed in the Schedule A, Netlink shall give Customer 60 days advance written notice of such change, unless such change is due to Force Majeure (as defined in Paragraph 8 herein), in which case Netlink shall give Customer as much advance notice as is reasonably practicable. Customer shall be responsible for replacing or for making any modifications to earth stations, descrambling devices and related equipment to the extent necessary for Customer to continue to distribute the Services listed in Schedule A to Customer's wired subscribers.

5. Service Fees: Rates for Services are specified in Schedule B. Customer shall pay Netlink for the delivery of Services monthly in advance on the first day of each month. However, if Customer elects the annual prepayment option (described below) as to any earth station receiving Services, it shall pay Netlink for the delivery of Services to such an earth station annually in advance on the first day that such Services are distributed from such earth station to Customer's subscribers.

a. Monthly Payment Option. On or before the first day of each month during the term of this Agreement, Customer shall deliver a statement to Netlink showing Customer's computation of the amount due Netlink with respect to each Service to be received by Customer ("Service Fee") for such month together with payment of such Service Fee.

b. Annual Prepayment Option. On or before the first day that Services are distributed from an earth station to Customer's subscribers and/or any anniversary thereof, Customer shall deliver a statement to Netlink showing Customer's computation of the Service Fee with respect to each Service to be distributed to Customer's subscribers by such earth station for the succeeding twelve months together with payment of such Service Fee. On or before the first day of each of the succeeding twelve months, Customer shall submit a statement for Services distributed from the earth station. Such statment shall be in a form that is identical to that required under the monthly payment option; Customer need not submit any Monthly Service Fee with such statement, however. On or before the anniversary date of Customer's election of the prepayment option, Netlink shall deliver to Customer an accounting of the amount of Service Fees owed for the preceding twelve months based on such Customer's monthly statements. If such amount is greater than the amount of Customer's annual prepayment at the beginning of the preceding twelve-month period, Customer shall remit the difference to Netlink within 30 days after receipt of Netlink's

accounting. If such amount is less than the amount of Customer's annual prepayment at the beginning of the preceding twelve-month period, Netlink shall remit the difference to Customer at the time it delivers the accounting to Customer.

The form of the monthly and the annual prepayment statements required in paragraphs 5.and 5.b, and method of calculating Service Fees are set forth in Schedule C, which Netlink shall have the right to modify from time to time. Each such statement shall be true and correct and certified as such by a duly authorized agent or officer of Customer. Service Fees and the certified calculation form shall be delivered to the business office of Netlink located at 5808 Lake Washington Boulevard, Suite 101, Kirkland, Washington 98033, or to such other address as Netlink may designate in the future by provision of written notice to Customer. Service Fees are payable to Netlink without regard to whether Customer actually receives payment from its own subscribers. Any Service Fee, or portion thereof, not received at the foregoing address by the tenth day of each month (or year, if the annual prepayment option is elected) shall be delinquent and shall be subject to a late charge of 1-1/2 percent per month (or the maximum rate permitted by law, if less than 1-1/2 percent) until such Service Fee and any late charges have been paid in full. In addition to any other rights Netlink may have at law or in equity, Netlink reserves the right to terminate this Agreement, or to deauthorize some or all of Customer's descrambling devices if any Service Fee and any late charges remain unpaid more than 30 days after such Service Fee was originally due.

6. Access to Records: Upon request from Netlink, Customer shall provide Netlink with copies of Customer's current list of cable services offered to its subscribers. Furthermore, upon reasonable advance notice, Netlink shall be entitled to audit, during normal business hours, such books and records of Customer as necessary to ascertain whether Service Fees and subscriber count statements have been properly submitted by Customer. If any audit reveals that Customer has paid less than 95% of the correct amount of its Service Fees for any month, Netlink shall be entitled to recover its cost of conducting the audit from Customer, in addition to enforcing any other rights it may have at law or in equity.

7. Customer Representations: Customer represents that it and its wired subscribers constitute a cable system as defined by Section 111 of the Copyright Act of 1976 and that it has authority from the applicable governmental entity to use public rights of way for distribution of the Services to customer's subscribers. Customer further represents that it is complying and will comply throughout the term of this Agreement with all applicable Federal Communications Commission, Copyright Office and Copyright Royalty Tribunal rules and regulations (including those pertaining to filing statements of account and paying compulsory license fees), and all other laws applicable to Customer's distribution of any Service to subscribers. Customer represents that it will not distribute any Service for any unlawful purpose or in any unlawful manner. Customer further represents that it has not selected on Schedule A an ABC, CBS, or NBC affiliate whose network programming is duplicated by a full network station that the Customer is required to carry under FCC rules and that delivers a high quality picture, without significant interference, to Customer's principal headend. In addition to any other rights and remedies that it may have at law or in equity, Netlink may terminate the delivery of any or all services to Customer if any of Customer's representations in this Agreement are not true during the term of this Agreement. Furthermore, at Netlink's request, Customer will defend and/or indemnify Netlink against any claim or liability (including attorney's fees and court costs) arising directly out of any act or omission of Customer in connection with Customer's distribution of (or failure to distribute) any Service to Customer's subscribers.

8. Force Majeure: Neither party shall be liable to the other for any failure to perform its obligations under this Agreement arising out of any event outside of such party's reasonable control ("Force Majeure"), including but not limited to earthquakes, fires, other acts of God or natural calamities, acts of war or vandalism, strikes or similar work stoppages, shortages of essential supplies, or interruptions in or failures of the services of electrical utilities or other carriers used by Customer or Netlink to distribute any Service. Without limiting the foregoing, Netlink shall not be responsible for interruptions or discontinuance of satellite transmissions or signal encryption systems, or for any discontinuance of any Service if Netlink determines in its sole discretion that

NETLINK USA SERVICE AGREEMENT
SCHEDULE A

EARTH STATIONS AND AUTHORIZED SERVICES
(One page required for each earth station site)

SITE NAME: _____

SITE ADDRESS/LOCATION: _____

_____

LOCATION: Antenna Size: _____ Antenna Type: _____

CONTACT PERSON: _____

CONTACT TELEPHONE: Day: _____ Evenings/Weekends _____

START SERVICE DATE: _____

	SERVICES AUTHORIZED					
DESCRAMBLER NO.	ABC KUSA	CBS KMGH	NBC KCNC	PBS KRMA	IND KDVR	CABLE KSPN
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—

TOTAL LINE FOR EARTH STATION SITE
Enter an "X" if service indicated above column ___ ___ ___ ___ ___ ___
(transfer to Schedule C for fee calculation)

continued distribution of such Service may violate any law, rule, regulation, or the rights of any third party ("Potential Claim"), or any order of an administrative agency or court of competent jurisdiction ("Order"). Netlink reserves the right to discontinue distribution of any Service for any reason, provided that Netlink shall give Customer 30 days' written notice of such discontinuance, except in the event of Force Majeure or in the case of a Potential Claim or Order. Netlink's decision to discontinue distribution of any Service shall not terminate this Agreement as to any other Services selected for reception by Customer on Schedule A. In the event of any interruption or discontinuance of a Service, for any reason, Netlink's liability shall be limited to a pro rata refund of any Service Fees paid by Customer for the period during which such Service was not provided.

9. Term: The term of this Agreement shall begin upon the date of acceptance by Netlink, indicated below, and shall expire on the third or fifth anniversary thereof, as specified by Customer's initialing the appropriate line below.

_____ - three year term

_____ - five year term

Upon the expiration of the initial term, the Agreement shall automatically renew for successive terms of one year each, unless Netlink or Customer elects by written notice to the other, at least 90 days prior to the expiration of the then current term, to terminate this Agreement as of the end of such term. Customer shall not assign this Agreement without the prior written consent of Netlink. If Customer discontinues distribution of any Service selected for reception in Schedule A prior to the expiration of the then current term of this Agreement, Customer shall be liable to Netlink for the total of those Service Fees that would have been payable with respect to the discontinued Service during the remaining term of this Agreement.

10. Independent Contractors: Customer and Netlink are not joint venturers, and their relationship is solely that of independent contractors. No subscriber of Customer shall have any privity of contract with Netlink and shall not be entitled to recovery of any damages or any other remedy against Netlink by virtue of this Agreement.

11. Supervening Laws and Tariffs: This Agreement is subject to the federal Communications Act of 1934, the federal Copyright Act of 1976, any rules or regulations issued pursuant to such acts, and the provisions of tariffs issued by domestic satellite carriers from whom Netlink has ordered or may order satellite transponder service. Furthermore, Netlink reserves the right to file tariffs for the transmission of any Service. This Agreement may be amended by Netlink to conform to any such tariff, provided that, if any such amendment materially diminishes Customer's rights hereunder (or materially increases Customer's obligations), Customer may terminate this Agreement upon written notice to Netlink.

NETLINK USA by Telluride
Cablevision, Inc., its general partner

By_____
Name and Title:_____

_____
Acceptance Date:_____

CUSTOMER

_____
(Company name)

By_____
Name and Title:_____

_____
Date: _____

Volume Discounts are applied to Basic Service Fees, as reduced by Charter Customer Discounts and Multiple Service Discounts if applicable.

6. Annual Prepayment Option. Customer shall not be required to pay the minimum monthly Service Fee of $75 per earth station if Customer elects to prepay its estimated Service Fees for subscribers to be served by such earth station during the succeeding twelve months. Customer shall make such election by submitting: (a) a properly completed Schedule C; (b) payment of the estimated Service Fees for such earth station on or before the first day on which Services are distributed to Customer's subscribers from such earth station and/or any anniversary thereof; and (c) payment of $50.00, at the time Customer first elects the prepayment option, to establish Customer's prepayment account. Customer shall comply with the monthly reporting and other requirements set out in Paragraph 5 of the Agreement. Notwithstanding the foregoing, if at any time during the twelve months following Customer's prepayment election, the monthly Service Fees that would be owed by Customer (if Customer were on the Monthly Payment Option) exceed $200.00 with respect to any earth station covered by the election, Netlink may terminate Customer's annual prepayment option as to such earth station by so notifying Customer in writing, and by crediting Customer's prepayment to the amounts of monthly Service Fees owed by Customer for Services received and to be received by such earth station during the twelve months following Customer's election.

NETLINK USA SERVICE AGREEMENT
SCHEDULE B

SERVICE FEE CALCULATION

For each Service that Netlink provides Customer as specified in Schedule A of this Agreement, Customer shall pay Netlink a monthly Service Fee based upon the total number of Customer's subscribers entitled to receive such Service, or a minimum monthly Service Fee per earth station of $75, whichever is greater, unless Customer elects for the annual pre-payment option under Section 6 below.

1. Total Number of Subscribers: The total number of subscribers for each Service is determined by adding (a) the total number of subscribers entitled to receive such Service who reside in private homes or dwellings, other than institutional residences ("Residential Subscribers"); and (b) the result of dividing (i) the total amount billed by Customer to all other subscribers with respect to that tier or level of cable services that includes the Service by (ii) Customer's standard monthly rate to Residential Subscribers for the same tier or level of service. In all cases, the total number of subscribers shall be determined in accordance with subscriber data for the month ending one full month before the due date for Service Fees. (E.g., for the calculation of Service Fees due January 1, Customer shall use its total number of subscribers as of November 30).

2. Basic Service Fee Calculation: For each Service, the Customer's Service Fee shall be calculated by multiplying the total number of subscribers by the relevant amount shown below:

SERVICE	NORMAL FEE	CHARTER CUSTOMER 1987	CHARTER CUSTOMER After 1987
KUSA (ABC-DENVER)	.30	.24	.27
KWGN (CBS-DENVER)	.30	.24	.27
KCNC (NBC-DENVER)	.30	.24	.27
KRMA (PBS-DENVER)	.30	.24	.27
KDVR (IND-DENVER)	.10	.08	.09
KSPN (CABLE-ONLY IND.)	.15	.12	.135

3. Charter Customer Discount: Customers that order Services pursuant to this Agreement by June 30, 1987, are entitled to reduce their monthly Service Fees for all Services by 20% through December 31, 1987, and by 10% thereafter for the initial term of the Agreement as selected by Customer in Paragraph 9 of the Agreement. The amounts of Charter Customer Discounts are shown in the table above. Discounts apply to current and future-acquired subscribers served by Customer.

4. Multiple Service Discount: Customers that order more than one Service for distribution from an earth station site are entitled to reduce their monthly Service Fees for all such combined Services as follows:

2 Services	-	5% discount
3 Services	-	10% discount
4 Services	-	15% discount
5 Services	-	20% discount
6 Services	-	20% discount

Multiple Service discounts are applied to Basic Service Fees, as reduced by Charter Customer Discounts, if any.

5. Volume Discount: Customers that distribute any Service to more than 25,000 subscribers are entitled to reduce their Service Fees for that Service by the following amounts:

25,000 to 249,999 subscribers - 17% discount
250,000 or more subscribers - 33% discount

NETLINK USA SERVICE AGREEMENT
SCHEDULE C

SERVICE FEE CALCULATION FORM

EARTH STATION SITE (From Schedule A)	AUTHORIZED SERVICE KUSA	KMGH	KCNC	KRMA	KDVR	KSPN	RATE (Sched. B)	SUBS. (For Site. -see Schedule B for formula)	MO. FEE (Greater of $75 or Rate X Subs.)	ANN. PREPAY (Estimated as Rate X Subs. X 1
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____
_____	—	—	—	—	—	—	$.___	_____	$_____	$_____

SERVICE FEE SUBTOTAL $_____ $_____
(Add Monthly Fees and Annual Prepayment Columns)
ANNUAL PREPAYMENT $50.00 SET UP FEE $_____
(applicable only for Customer's first annual prepayment election)
AMOUNT OF PAYMENT ENCLOSED: $_____

I certify that the above information is a true and correct statement of the Services and subscribers being distributed from all of Customer's earth stations as of _____ (date).

Signed: _____

_____
(typed or printed name)

APPENDIX G

EARTH STATION PURCHASE AND INSTALLATION

COST BREAKDOWN

Purchase Costs

Satellite Dish	$ 5,000
Receiver	1,700
Low-noise Amplifier	225
Misc. cables, etc.	500
Surface Freight	2,000*
Total Purchase Costs	**$ 9,425****
Average Installation Costs	**$ 7,575*****
TOTAL COST ESTIMATE	**$17,000**

* Ranges between $1,000 and $2,000.

** Total material purchase cost will be less with probable volume discount.

*** Installation costs would vary depending on location. Installation in Hope, a relatively low cost site, would be about $3,000. Installation in Yakutat, a higher cost locale, would be about $7,500. In the Aleutian Chain, costs are much higher, around $11,000.

Estimates prepared by the Division of Telecommunications, Department of Administration. December 1987.

APPENDIX H

Alaskan Communities with TVP - No Commercial or Cable TV

Akhiok
Akutan
Aleknagik
Allakaket
Ambler
Aniak
Anvik
Arctic Village
Atka
Atmautluak
Beaver
Bettles
Birch Creek
Brevig Mission
Cantwell
Cape Pole
Central
Chalkytsik
Chefornak
Chignik
Chignik Lagoon
Chignik Lake
Chikaloon?
Chistochina
Chitina
Chuathbaluk
Circle
Circle Hot Springs
Clark's Pt.(via trans)
Coffman Cove
Cold Bay
Cooper Landing?
Corner Bay(via trans)
Council
Crooked Creek
Diomede
Dutch Hbr.(via trans)
Eagle(via trans)
Eagle Village
Eek
Egegik
Eight Fathom Bight
Ekuk
Ekwok
English Bay
False Pass
Freshwater Bay
Golovin
Goodnews Bay
Graylina
Gustavus
Halibut Cove
Hobart
Hollis
Holy Cross
Hughes
Huslia
Iliamna
Ivanoff Bay
Kalskag
Kaltag
Karluck
Kasaan
King Cove
King Mountain
Kluckwan
Kobuk
Kokhonak
Kolignek
Kongiganak
Koyuk
Koyukuk
Kwethluk
Kwigillingok
Labouchre Bay
Lake Louise(via trans)
Larsen Bay
Levelock
Lime Village
Long Island
Lower Kalskag
Manley Hot Springs
Marshall
McGrath
McKinley Park ?
Mekoryuk
Mentasta Lake
Meyers Chuck
Minchumina
Minto
Mosquito Lake
Napaskiak
Naukati Bay
Nelson Lagoon
New Stuyahok
New Halen
Newtok
Nightmute
Nikolski
Noatak
Nondalton
Noorvik
Northway
Nulato
Old Harbor
Oscarville(via Bethel)
Ouzinkie
Pedro Bay
Pelican
Perryville
Pilot Point
Pitkas Point
Point Baker
Port Alice
Port Alsworth
Port Graham
Port Heiden
Port Moller
Portage Crk.(via Dlg.)
Rampart
Red Devil
Rowan Bay
Ruby
Russian Mission
Sand Point
St. George
St. Paul
Scammon Bay
Shageluk
Shaktoolik
Sheep Mountain
Sheldon Point
Slana
Sleetmute
Sparrevohn ?
Stevens Village
Stoney River
Takotna
Tanunak
Tatitlek
Tanana
Telida
Tazlina
Teller
Tenakee Springs
Tetlin
Tin City
Tolsona
Trapper's Creek
Tuluksak
Tuntutuliak
Twin Hills
Tyee ?
Venetie
Wales
Whale Pass
White Mountain
Whittier
Woman's Bay
Yakutat

APPENDIX I

distribution and transmission of public telecommunications services to public telecommunications entities;

(F) hire or accept the voluntary services of consultants, experts, advisory boards, and panels to aid the Corporation in carrying out the purposes of this subpart;

(G) conduct (directly or through grants or contracts) research, demonstrations, or training in matters related to public television or radio broadcasting and the use of nonbroadcast communications technologies for the dissemination of noncommercial educational and cultural television or radio programs;

(H) make grants or contracts for the use of nonbroadcast telecommunications technologies for the dissemination to the public of public telecommunications services; and

(I) take such other actions as may be necessary to accomplish the purposes set forth in subsection (a) of this section.

Nothing contained in this paragraph shall be construed to commit the Federal Government to provide any sums for the payment of any obligation of the Corporation which exceeds amounts provided in advance in appropriation Acts.

(3) To carry out the foregoing purposes and engage in the foregoing activities, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act [D.C. Code, § 29-501 et seq.], except that the Corporation is prohibited from—

(A) owning or operating any television or radio broadcast station, system, or network, community antenna television system, interconnection system or facility, program production facility, or any public telecommunications entity, system, or network; and

(B) producing programs, scheduling programs for dissemination, or disseminating programs to the public.

(4) All meetings of the Board of Directors of the Corporation, including any committee of the Board, shall be open to the public under such terms, conditions, and exceptions as are set forth in subsection (k)(4) of this section.

(5) The Corporation, in consultation with interested parties, shall create a 5-year plan for the development of public telecommunications services. Such plan shall be updated annually by the Corporation.

(6) Redesignated (5).

(h) Free or reduced rate interconnection service; access to facilities

(1) Nothing in this chapter, or in any other provision of law, shall be construed to prevent United States communications common carriers from rendering free or reduced rate communications interconnection services for public television or radio services, subject to such rules and regulations as the Commission may prescribe.

(2) Subject to such terms and conditions as may be established by public telecommunications entities receiving space satellite interconnection facilities or services purchased or arranged for, in whole or in part, with funds authorized under sections 390 to 399 of this title, other public telecommunications entities shall have reasonable access to such facilities or services for the distribution of educational and cultural programs to public telecommunications entities. Any remaining capacity shall be made available to other persons for the transmission of noncommercial educational and cultural programs and program information relating to such programs, to public telecommunications entities, at a charge or charges comparable to the charge or charges, if any, imposed upon a public telecommunications entity for the distribution of noncommercial educational and cultural programs to public telecommunications entities. No such person shall be denied such access whenever sufficient capacity is available.

(i) Report to Congress

(1) The Corporation shall submit an annual report for the preceding fiscal year ending September 30 to the President for transmittal to the Congress on or before the 15th day of May of each year. The report shall include—

(A) a comprehensive and detailed report of the Corporation's operations, activities, financial condition, and accomplishments under this subpart and such recommendations as the Corporation deems appropriate;

that this section should not be construed as providing for free or reduced rates for interconnection among nonbroadcast stations. Section 397(8) states that, for the purpose of the act, "The term 'interconnection' means the use of microwave equipment, boosters, translators, repeaters, communication space satellites, or other apparatus or equipment for the transmission and distribution of television or radio programs to noncommercial educational television or radio *broadcast* stations," 47 U.S.C. 397(8). (Italic supplied.)

11. Finally, we understand the concern of the carriers as to how the costs of service rendered pursuant to section 396(h) are to be recovered by the carriers. We believe that it is desirable to state the Commission's policy in this area so far as it is possible at this time. Consistent with the policy of the Public Broadcasting Act, it is reasonable and appropriate that all costs, including the cost of new construction, shall be treated as related to common carrier interstate service and as such shall be included in the carriers total interstate rate base and operating expenses. It should also be made clear that, although the language of section 396(h) is permissive, the national policy expressed is that the public interest is served by the expansion of noncommercial educational broadcasting service to the public through free or reduced rate interconnection common carrier services for educational broadcast stations. While we need not definitively resolve the question raised by USITA as to whether or not the Commission can require or order common carriers to provide such free or reduced rate service, we do believe that we have ample authority to promote the congressional purpose and the public interest in this important area.

12. Authority for the adoption of the addition contained herein is contained in sections 4(i), 218, 219(b), and 396(h) of the Communication Act of 1934, as amended.

13. In view of the foregoing, *It is ordered*, That effective July 1, 1969, part 43 of the Commission's rules is amended to add section 43.74 to read as follows:

Section 43.74 Service rendered free or at reduced rates pursuant to section 396(h) of the act; reports relative thereto.

Any common carrier subject to the Communications Act may render free or reduced rate communications interconnection services for noncommercial educational television or radio services, subject to the rules contained in this part. Every carrier furnishing such service shall make and file, in duplicate, with the Commission within 40 days after the end of each calendar quarter, two certified copies of reports covering each quarter of the year. The reports shall show the call signs and locations of the stations to which such service was rendered pursuant to this rule and the dates such service was rendered; the names of any agency, corporation or association of stations, other than the stations interconnected, to which service was charged or credited; the general character of the service provided; the charges in dollars which would have accrued to the carrier for such services rendered if all charges for such services had been calculated at the published tariff rates; the charges in dollars, if any, actually made or credited for such service; the name and address of any person whose request for such service is pending as of the last day of the reporting period, the date of such request, a general description of the service requested, and the expected date of decision on the pending request; the name and address of any person whose request for such free or reduced rate service has been denied during the reporting period together with a general description of the service requested, and the reasons for such denials of service and the dates thereof.

FEDERAL COMMUNICATIONS COMMISSION.
BEN F. WAPLE, *Secretary*.

24. IT IS FURTHER ORDERED, That CPB's aforementioned supplemental pleading requesting a ruling that "free" service is required under 396(h) of the Act. IS DENIED.

25. IT IS FURTHER ORDERED, That the Bell System companies shall commence construction forthwith of the remaining portions of the facilities needed to provide the 71-point and 110-point networks specified by CPB and shall expedite such construction so as to complete the 71-point network by March 31, 1972 and the 110-point network by January 1, 1973.

26. IT IS FURTHER ORDERED. That the Bell System companies shall submit a report, in writing, to the Commission by the 10th of each month, beginning in July, 1971 of the progress made by the Bell System in the prior month in constructing, installing and placing into operation the facilities needed by CPB for the 71-point and 110-point interconnection service requested.

FEDERAL COMMUNICATIONS COMMISSION,
BEN F. WAPLE, *Secretary.*

AUGUST 13, 1970.

MR. JOHN W. MACY, JR.,
President,
Corporation for Public Broadcasting.
888 16th Street, Northwest.
Washington, D.C. 20006

DEAR MR. MACY: As you know, the Commission has been following the progress of discussions between AT&T and CPB regarding the establishment of charges for interconnection service and facilities to be furnished to CPB by AT&T for a 110 station network. In this connection, our staff and CPB are each reviewing a study made by AT&T of its "incremental" costs of providing such a network. On the basis of the study, AT&T has quoted annual charges to CPB for the requested network.

With a view to facilitating resolution of this matter, I believe it may be helpful to advise CPB and AT&T of certain conclusions reached thus far by the Commission.

First, a majority of the Commissioners holds the view that in the interest of promoting the most efficient use of facilities, interconnection service to CPB should not be free of charge. It is our further opinion that charges for interconnection service to CPB that are designed to enable the carriers to recover at least the incremental costs they incur in furnishing such service would be entirely appropriate. Although we have arrived at no conclusions as to the merits of the specific methodology or results of AT&T's study, we understand, based on our staff's analysis, that AT&T's study is designed to identify the "incremental" costs of service to CPB and that it produces charges to CPB which are about 33 percent of the charges for comparable commercial service. It would appear to us that such level of charges comports with the spirit and objective of the free or reduced rate provisions of Section 396 (h) of the Public Broadcasting Act of 1967.

Secondly, we recognize the current funding limitations and uncertainties confronting CPB at this time. The Commission would, there-

fore, interpose no objection to the provision of regular interconnection service to CPB under an arrangement which recognizes CPB's budgetary problems in the early years consistent, as far as practical, with the general principles outlined above.

It is the Commission's belief that, whatever arrangements are ultimately formulated by the Congress for the permanent funding of CPB should include provision for the charges involved in obtaining its required interconnection service.

Sincerely,

DEAN BURCH, *Chairman.*

CONCURRING STATEMENT OF COMMISSIONER THOMAS J. HOUSER

I take this opportunity to concur in the Commission's proposed settlement of the CPB–AT&T interconnection problem. My essential concern revolves around the specification of a $4.9 million dollar charge for the ultimate interconnection of the public broadcasting network. I have been impressed by the difficulties encountered by CPB in securing adequate short range financing and assurances of long term economic stability. An expense approaching five million dollars appears to be a high price for "free or reduced rate interconnection."

However, I recognize that the Commission's action today represents a reasoned compromise which recognizes CPB's current financial shortcomings and will, hopefully, expedite the inauguration of this vital network service.

APPENDIX J

PBS

September 2, 1987

RECEIVED
SEP 1 1987
ALASKA PUBLIC
BROADCASTING COMMISSION

Mr. Jerry Brigham
General Manager
K Y U K - TV
P. O. Box 468
Bethel, AK 99559

Dear Jerry:

I am writing in response to your query on behalf of all the Alaska public television stations last month about the possible financial implications of consolidating all the Alaska public TV stations into an entity that would be eligible for only one CPB Community Service Grant (CSG). We have done some projections and the results are interesting.

I won't bore you with all the details of how we worked up the figures, but if you want to know, I'll be happy to explain. At the bottom line, here's how it looks.

	Current CSG $	Current CSG Factor	Current Nat'l Expenses*
KAKM	475,283	0.00439868	$ 364,572
KTOO	406,019	0.00375765	307,451
KUAC	388,963	0.00359980	297,708
KYUK	351,701	0.00325495	272,642
TOTAL	1,621,966	0.01501108	1,242,373

By comparison, if you created a single, consolidated CSG for the Alaska stations, we estimate that such a CSG would amount to $851,565 and would result in a CSG Factor of 0.00793772. Consequently, we estimate that the "Current National Expenses" would be reduced to $658,009.

---

*"Current National Expenses" included in this calculation are the FY88 PBS General Assessment, FY88 SIP dues (est.), SPC-14 program costs, FY88 Program Challenge Fund, and the Election '88 program package.

Thus, by consolidating and receiving one CSG instead of four, we estimate that the Alaska stations would lose $770,401 in CSG dollars, but would also reduce their national expenses by $584,364. Thus, at least with respect to national revenue and expenses, consolidation of the four stations into one CSG-eligible entity would yield a net loss of $186,037.

At the same time, however, we all recognize that it costs money for each station to maintain enough staff and stay on the air long enough to qualify for a CSG. The next question, then, which you and your colleagues will have to answer for yourselves, is whether you could save $186,037 (or more) by consolidating. Put another way, if it is costing the four stations collectively more than $186,037 to maintain separate staffs, etc. in order to qualify for four CSG's, then perhaps it would be cost-efficient to consolidate.

Undoubtedly there are many other factors you will have to consider as you ponder the future of public television in Alaska. Please let me know if you need any more detail on this aspect, or if there is anything else we can do for you here.

Best regards,

Lance

Lance W. Ozier
Vice President
Program Administration
and Information

cc: Peter Frid, KTOO
Elmo Sackett, KAKM
Bruce Christensen
Peter Downey
Mike Hobbs

PBS

September 9, 1987

Mr. Jerry Brigham
General Manager
K Y U K - TV
P. O. Box 468
Bethel, AK 99559

Dear Jerry:

Per your request during our telephone conversation last week, I am enclosing copies of documents relating to PBS's "Unserved Areas" policy. So that we're starting from the same point, I think the best way to proceed here is for you to look them over, then call me with your questions.

The two documents contain the following:

1. "Resolution: Extension of Public Television Service to Unserved Areas" -- Basic policy statement, definition of "unserved area," and guidelines for licensing PBS program service to non-PTV entities in unserved areas.

2. "Unserved Areas Policy " (excerpt from Minutes of Interconnection Committee, November 13, 1984) -- Further interprets the definition of what is considered to be an "unserved area." In effect gives PBS management some flexibility in applying the definition of "unserved areas" to include areas which, in the judgment of PBS management (with advice from local or nearby PTV stations), may be "not adequately served" (and thus may be eligible to take programs off the satellite).

Give me a call if you need more information on all of this. I'll be happy to help.

Best regards,

Lance W. Ozier
Vice President
Program Administration
and Information

Enclosures

RECEIVED
ALASKA PUBLIC
BROADCASTING COMMISSION

Public Broadcasting Service
Board of Directors
January 20-21, 1982
Washington, D.C.

RESOLUTION: EXTENSION OF PUBLIC TELEVISION SERVICE TO UNSERVED AREAS

The public television system is committed to bringing its progra services, to the extent possible, to all areas of the United States, including those areas where such services are presently unavailable.* With increasing frequency, PBS has received requests from non-public television entities for consent to use PBS satellite-fed programming in areas unserved by existing public television stations.

The Board has reviewed the arrangements made with the University of Alaska Instructional Telecommunications Consortium (UAITC) fo the provision of PBS programming to unserved areas in Alaska and has considered other appropriate conditions for provision of service to unserved areas elsewhere within the United States.

Based on this review, the Board hereby adopts the following guidelines for the provision of service to unserved areas. These guidelines are premised on the principle that the responsibility to provide PBS programming to unserved areas in any state rests firmly with the public television licensees within that state, working with the public telecommunications agencies within that state. PBS's role is not to supplant the function of the licensee, but to assist its member licensees to extend their services to presently unserved areas.

In view of the rapidly changing technological environment, the authority to license the PBS Program Service provided by these guidelines shall be in effect for contracts running through, but not beyond, calendar year 1983; Board review as to the extension of the policies for contracts to be entered for calendar year 1984 and thereafter, shall occur sometime during 1983.

Guidelines

1. PBS will enter into a license agreement with any public television licensee desiring to relicense the PBS Program Service to non-public television entities seeking to serve areas within its state which are unserved by public television. Upon receiving requests for access to the PBS Program Service from entities in a state where no public television licensee exists (e.g., Montana and Wyoming) and, in the event that a public television licensee in a nearby

---

*An unserved area is defined as an area outside a public television station's Grade B contour and unserved by cable, translator or other retransmission of any public television station

state expresses interest in licensing the Program Service to those entities, PBS will enter into a license agreement with that licensee, if the licensee so desires. Otherwise, PBS will enter into a license agreement directly with the non-public television entity.

2. If an area served by a non-public television entity under these licensing arrangements becomes served by a public television licensee then, within a reasonable time period, the non-public television entity's authorization to use the PBS Program Service must be withdrawn.

3. Each public television licensee may authorize receipt of the entire PBS Program Service via satellite or other means of transmission, subject to PBS having the required program rights for any individual program.

4. The requesting entity must have the technical and administrative capability to delete any matter from the PBS satellite feed which it is not authorized to use.

5. All PBS programs authorized for use may be broadcast only on a non-commercial sustaining basis.

6. The requesting entity must agree not to make any edits or alterations in programs and to erase any recording made of any PBS program no later than six months after use.

7. The requesting entity must take responsibility for Fairness Doctrine and political broadcasting obligations (such as "equal time" and "reasonable access" provisions) and for broadcast of any material which might be considered obscene in any local community.

8. The public television licensee will pay PBS a reasonable fee for its right to relicense the PBS Program Service and will in turn be free to charge the requesting entity a fee determined at the licensee's discretion.

9. The requesting entity must be capable of exercising local responsibility and control over the programming services it provides including PBS programming. Such entity must be capable, at the local level or at least at the statewide level, of choosing to carry or not carry an individual PBS program. In addition, it must be capable of inserting programming responsive to local or statewide needs, which capability can be exercised either at the local or at a statewide level.

10. While PBS prefers that such local responsibility and control of programming be exercised by requesting entities at least on a statewide level, licensees may authorize such entities to receive PBS programming from program distributors from out-of-state on the condition that such entities retain the capability to select locally-oriented programming to be received from such program distributor which is responsive to statewide or local needs.

Excerpt from Minutes, Interconnection Committee, November 13, 1984

Task Force on PBS Membership and Services

The Committee resumed in public session at 11:00 a.m. The Committee reviewed a draft agenda prepared for the Task Force on PBS Membership and Services, and offered advice and counsel on preparation of discussion papers on the issues having to do with availability of service via direct satellite reception by non-public-television entities in areas served or not served by public television broadcast signals. The Committee applauded the effort to initiate a thorough and deliberate review of these policies through the work of the Task Force, and pledged its assistance. Management confirmed that the Task Force's report on the "service policy" questions would be considered by the Interconnection Committee at a subsequent meeting, with that Committee then to forward its recommendations to the Executive Committee.

In the course of the discussion, the Committee received a report of arrangements being developed by SECA for licensing direct school use of public television satellite-distributed instructional services. The Committee applauded SECA's initiative in bringing the subject to the Interconnection Committee, and the emphasis in the proposal on licensee responsibility; stressed also the need for consistent and coordinated public television policy in this area; and emphasized the desire to permit experimentation within the framework of the planned review and development of policy by the Task Force and the Committee. By motion duly made, seconded, and unanimously carried, the Committee advised SECA that it would not object to SECA's implementation, on an experimental basis, of proposed guidelines for authorization of direct satellite reception by schools of SECA-distributed ITV services: provided such authorizations were extended by participating public television stations only, were confined to present users, and were extended with the understanding that the Task Force on PBS Membership and Services and the Interconnection Committee would be endeavoring in advance of the next school year to develop a more comprehensive policy to govern such uses over the longer term.

Unserved Areas Policy

The Committee received a presentation from Messrs. Daniel Tone and Lee Goode of Rural Television System, Carson City, Nevada, regarding that agency's request for access to the PBS satellite signal in support of plans for the extension of public television service to several communities in Nevada and Montana. The Committee discussed the proposed arrangements in Incline Village, Nevada, as an illustrative situation for the application of PBS's "unserved areas policy."

The Committee considered the nature of the local organizations that will exercise responsibility and control of the service provided to the communities; the technical arrangements that have been made for that service, in accordance with the Unserved Areas Policy guidelines; and the relationships of the local organizations and the planned service to the public television broadcast licensee in the state, in furtherance of plans for completion of a statewide public television network. The Committee noted that in most of the communities proposed to be served, there was now no public television service at all; and that in two cases, although public television signals were available on cable systems serving a portio of the community, the signals were from out-of-state stations, were technically inferior and unreliable, and could not be regarded as a adequate public television service for the community. By consensus the Committee concluded that a proper interpretation and applicatio of the policy would permit extension of the PBS service in circumstances where there is otherwise only minimal cable service available, where in the view of the parties most directly knowledgeable of the situation that service is unreliable or inadequate, and where the other guidelines of the policy are met; authorized management to work with the representatives of Rural Television System and of Nevada's public television stations to implement the policy in Incline Village; and authorized management to proceed in the same manner with respect to the other instances described, if on investigation it is determined that those communities should properly be considered to be "unserved" areas.

APPENDIX K

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF POLICY

STEVE COWPER, GOVERNOR

P.O. BOX AD
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

December 3, 1987

Mr. Richard Zook
KIMO TV Channel 13 ABC
2700 East Tudor Road
Anchorage, AK 99507

Dear Mr. Zook:

The State-owned and maintained Southcentral microwave network (Turnagain Arm/Kenai Peninsula) is used by numerous State agencies as well as three commercial television stations. As you know, it carries your station's broadcasts outside of its immediate service area.

As part of the budget trimming process, the Legislature has directed this agency to find out the extent of your willingness and ability to contribute to preserving this service.

The cost of providing television service over the Southcentral microwave is estimated to be $30,000 per year. Allocated among four stations, the annual cost of transmitting the signal for each is $7,500. Are you interested in having the service continue? If so, are you willing to make the annual payment of approximately $7,500?

Attached is a copy of the relevant legislative intent from the FY88 operating budget. Your thoughts on this issue will be appreciated. Thank you.

Sincerely,

Mary Halloran

Mary Halloran, Director
Division of Policy

Enclosure

cc: Senator Jalmar Kerttula
Senator Mike Szymanski
Senator Paul Fischer

01 A34LH

Representative Bette Cato
Representative Jim Zawacki
Representative Mike Navarre
Representative C.E. Swackhammer
Bob Evans, Legislative Liaison, Office of the Governor
John Andrews, Commissioner, Department of Administration
Jim Fox, Deputy Commissioner, Department of Administration
Mel Hoversten, Director, Division of Telecommunications
Charles Northrip, Executive Director, Alaska Public Broadcasting Commission
Professor Larry Pearson, for the House Special Committee on Telecommunications

NORTHERN TELEVISION, INC.
THE BROADCAST CENTER

P.O. BOX 102200 ANCHORAGE, ALASKA 99510
KTVA-TV/KBYR-AM/KNIK-FM/MUZAK
(907) 562-3456

PO. BOX 950. FAIRBANKS. ALASKA 99707
KTVF-TV/KCBF-AM
(907) 452-5121

Anchorage, Alaska
January 6, 1988

Ms. Mary Halloran, Director
Division of Policy
Office of Management & Budget
State of Alaska
P. O. Box AD
Juneau, AK 99811-0199

Dear Ms. Halloran:

Your letter of December 3 regarding proposed payment of microwave maintenance services to the Kenai Peninsula and the Turnagain Arm/Girdwood areas did not reach all Anchorage Television broadcasters at the same time. For example, the one addressed to KTVA did not arrive until a copy was sent by Ms. Joan Kasson and finally received on January 4, 1988, causing this delay in responding to your request for comments.

Some historical perspective might be useful to you and the others concerned with addressing the problem of costs to provide television service by means of State-owned translators, fed by State-owned microwave systems.

In the early 1960's, KENI-TV (now KTUU-TV) and KTVA began an effort to bring TV reception to the Kenai-Soldotna area. We both engineered, applied to the FCC, and installed units to serve as best we could the growing population in that area. At first they were one-watt in power, the maximum power originally allowed by the FCC, later replaced by ten-watt transmitters with multiple output amplifiers and directional antennas to give maximum coverage. Later, KIMO-TV and KAKM-TV followed suit and installed their own units with similar coverage.

Unfortunately, the southern end of the Peninsula, from approximately Kasilof to Seldovia to Homer received no service, and Representative Hugh Malone, who is now a member of the Governor Cowper Cabinet, sponsored a bill for the State to provide service to the entire Peninsula. This was done with a series of translators down the peninsula, eventually a five-hop system with one relaying to the next unit.

This system did provide service all the way to Seldovia and Homer, but each relay lost significant quality in the retransmission of TV signals, and if one unit failed, the remaining down-stream translators went off the air. The cost to maintain such a relay system was high and maintenance success was erratic at best.

The State Division of Communications engineered an ideal solution through installation of a high quality microwave system, with a head-end on the Anchorage Peninsula, and a direct link to all translator sites, which meant that the failure of any individual translator would not cause failures of others in the system at downstream locations. The microwave system was designed and built by the State to accommodate all four television stations, three commercial and one public licensed to Anchorage and operating at the time. Subsequently KTBY-TV was licensed to Anchorage and now several UHF-TV low power stations are in operation here and a construction permit for Channel 5 has been granted by the FCC.

A similar project, to provide TV service to the Turnagain Arm area and Girdwood, had been undertaken by the same four Anchorage stations, who bore the expense of engineering, applying for FCC construction permits and acquiring translator equipment. Some of these translators were on the air, others were in a construction permit mode, but the equipment was all acquired, when the State undertook a second microwave project, identical to the Kenai Peninsula linkage concept, except that the length of the microwave path was shorter and less equipment was required.

It is important for you to know that in both the Kenai Peninsula microwave project and the Turnagain Arm/Girdwood project, Anchorage TV stations donated their existent licenses and equipment to the State at no charge. In some cases this equipment was used, in others the State installed new equipment, sometimes more powerful, sometimes newer models, and generally vastly improved the services that had been provided, or could have ever been provided by the four Anchorage stations.

It is important to note for the record, that the State of Alaska Legislature initiated the concept of providing this service at State expense. While the TV broadcasters applauded the notion that improved service to the public was commendable, they did not promote the idea of a microwave system of State-ownership of these translators, nor did they lobby the Legislature to create necessary funding. As a matter of fact, in these instances, as well as the TV demonstration project initiated in January, 1977 to bring TV service to remote Alaskan bush communities by satellite (TVDP), the TV broadcasters always admonished State planners not to get into any such projects with high consumer interest, which would create an appetite for service, and then bail out leaving the consumer without service. Broadcasters were especially concerned with what was perceived as a great danger: that the State would bail out and leave the implication that it was the broadcasters' fault and their responsibility to the public. We specifically made it clear that we would cooperate all the way, but not to leave dirty State linen in the broadcasters' laundry hamper.

Naturally we are at present very concerned with the economy of the State, and are painfully aware of the difficult times faced by all concerned, including State budgeting. In good faith and in the spirit of trying to reduce State spending, several Anchorage TV broadcasters, including the undersigned, testified nearly a year ago in a State-wide teleconference. We wrote letters and lobbied Legislators to abandon the Capital-87 type legislative TV coverage,

which would have saved Alaskan taxpayers approximately a quarter-million dollars in 1987. Not only were we ignored, but it appears this may be another favorite spending project by the Legislature in 1988, based on recent media publicity out of Juneau.

The shaky State economy has negatively impacted the TV broadcasting business income too. The burden of another $7,500 per year cost to each station simply is not feasible at this time, at least not to KTVA. The added TV coverage by virtue of the State operated microwave-translator system does not enrich our coffers significantly at all. It is a fine service to the public, that's how the Legislature originally intended it to be and that is how it should remain. If it is terminated, it will be imperative that the public be made fully aware of who is responsible for the termination.

There is a viable solution other than dumping the burden on the broadcasters, one that has been in successful operation in the Rocky Mountain areas for many years. Those States never had the benefit of vast sums of oil revenues to solve all kinds of consumer interests and desires. Several States comprising the Rocky Mountain population served by TV translators is greater than the entire population of the State of Alaska. Many installations are in so-called Translator Service areas, where the communities served have devised methods of collecting money to engineer, apply for, equip, install and maintain their translator system. Methods to finance them vary, from voluntary contributions, to collection by locally organized entities such as telephone companies or power companies, by means of dedicated surcharges by the month to consumers connected to their service lines. In other words, theirs is a logical concept and it has worked for years; the people who benefit from the service pay for the service, it is their responsibility alone, and if they don't want it any longer they drop it, but without recrimination aimed at TV stations or any political entity. The State might well investigate the possibility of either disposing of their microwave/translator system to similar local entities, or leasing it out in some similar fashion if the cost of maintaining the system is too burdensome for the State budget. $30,000 per year annual maintenance costs, however, hardly appears to the undersigned to be a back-breaking budgetary item, especially when hardly a day goes by without some revelation out of Juneau of much higher cost activities involving fiscal commitments by Alaskan legislators which appear to be considerably more self-serving and less consumer oriented than providing TV education, entertainment, sports and news, both public and commercial, to remotely located Alaskans who have no local TV service and never will be in a position to support such a service.

Very truly yours,

NORTHERN TELEVISION, INC.

A. G. Hiebert
Chairman/CEO

klm



OFFICE OF
MANAGEMENT & BUDGET
JAN 4 1988
STRATEGIC PLANNING

THE ALASKA NETWORK

Richard M. Zook
Executive Vice President &
Chief Operating Officer

December 30, 1987

Ms. Joan M. Kasson
Policy Analyst
State of Alaska
P O Box AD
Juneau, AK 99811-0199

Dear Ms. Kasson:

You asked for our comments on DISCUSSION DRAFT, a report on the Rural Alaska Television Network in response to Telecommunications in the FY88 Operating Budget.

For the state to subsidize television in some minds is quite questionable. But, in a state the size of Alaska, the economics of commercial television covering the state or public television covering the state are unrealistic. We feel that RATNET is the only system which allows the necessary linking of the state together in a national or statewide emergency. It also allows a cultural exchange to exist. Without it I am afraid that the people of the state would never really learn to know each other.

Our belief in communication for the state has been evidenced in that here at KIMO we have produced a statewide newscast that over the years was partially underwritten by a major advertiser but for each dollar they put into it, KIMO put in three. So, in essence, we have underwritten a newscast for the state for many years. In this economy, that is a large chunk to swallow.

Upon reading your comments on how to reduce the operational cost of RATNET, I believe that the low power television stations and the satellite have to be underwritten by the state of Alaska. Program delivery through its Tape Delay Center possibly could be operated better and at a lesser cost if operated contractually. The idea of having the local communities being able to insert programming is nice, but should be totally borne in cost by the community in which it occurs. Most home equipment today complies with the standards set forth for video transmission by the FCC. Your statements at the top of Page 9 regarding cost, I believe, are incorrect because the home cameras and recorders can be used (probably with this a time base corrector) and would still comply with FCC standards. We are seeing on new network shows home video film that has simply been time based.

One of our wonderments has been the lack of usage of the television channel for additional data, as well as the use of it as a subcarrier for public radio (which it now does).

In Section 4 I find a major problem in the low power television stations. Our network attorneys and our FCC attorneys believe it would be a case of piracy for a low power television station to retransmit either Cancom or Netlink. That would be in violation of the program producers' individual copyrights which cannot be extended by either of those two corporations to over-the-air broadcasters. Under our present system the networks, through their local affiliates, offer shows to RATNET. Not all of our sign-on to sign-off programming can be offered due to our contractual limitations with the syndicators. In some cases we own exclusive statewide rights to shows and to take them from a Denver station, for example, and show them in Alaska would break copyrights and contracts.

This would also apply to the majority of the services on satellite and definitely would apply to all commercial broadcasting. Again, this is an area that is being hotly contested by the networks and the cable operators. The low power television stations would have nothing but grief in this area. Your whole discussion in this section cannot apply since neither have the rights to sell programming for over-the-air use.

Here at KIMO we have realized since the conception of RATNET that some day the cost per viewer would be questioned and maybe the source would be asked to pay for the delivered service. In Section 6 you talk about commercial payment for the state owned Southcentral microwave network. Concerning this subject, again, we feel that the communities being served probably are the ones who should be paying. We could say that the advertisers should pay for this service, but unfortunately the population base of the areas being served do not necessarily generate enough revenue to underwrite this service as a commercial venture. Again, a lot of thinking and discussion is needed in this area.

In order to make the system cost effective we simply have to utilize the transponders for more than just video. We need to incorporate public radio, as well as additional data transmission to offset its cost.

Sincerely,

Richard M. Zook
Executive Vice President
& Chief Operating Officer

RMZ/db

APPENDIX L

MANAGEMENT AGREEMENT

THIS AGREEMENT is made that _____ day of _____, 1987, by and between the California State University, Long Beach, Foundation ("Foundation") and Pacific Public Radio, Inc., a California non-profit public benefit corporation ("PPR").

RECITALS

A. Foundation is the Federal Communications Commission ("FCC") licensee of non-commercial radio station KLON-FM ("Station") located on the campus of California State University, Long Beach; and

B. Foundation desires that PPR undertake the full management and operation of Station for and on behalf of Foundation.

NOW, THEREFORE, the parties hereto, for good and valuable consideration, agree as follows:

1. MANAGEMENT

PPR hereby agrees to manage and operate the Station under the supervision and control of Foundation, as

licensee. The management services provided herein shall include all aspects of the full operation and management of Station, including, but not limited to, the production and acquisition of programming, administration of all Station activities and personnel, employment and training of all personnel for the administration and operation of Station, financial and accounting services, engineering services, development of financial support, and compliance with all applicable laws and regulations.

2. TERM OF AGREEMENT

This Agreement shall commence on the _____ day of _____, 1987, and it shall continue in full force and effect until the 1st day of December, 1990, the date of expiration of the FCC license for the operation of the Station. This Agreement shall be automatically renewed for the term and run concurrently with each subsequent FCC license period unless sooner terminated in accordance with the provisions of this Agreement.

3. CANCELLATION

This Agreement may be cancelled upon ninety (90) days prior written notice by either party to the other. Notwithstanding the above, both parties agree that the Foundation may cancel this Agreement immediately without prior written notice if, in the sole judgment of the

Foundation, the Station is being operated by PPR in a manner contrary to the public interest, convenience and necessity, FCC rules and regulations, the Communications Act of 1934, as amended, or in a manner which may cause a loss of the FCC license to the Foundation.

4. COMPENSATION

No compensation will be paid by either party to the other under this Agreement, except as set forth in Paragraph 5.

5. GRANTS

The Foundation agrees to turn over, deliver and pass-through to PPR immediately upon receipt, any and all grants, awards, or other monies (hereinafter collectively referred to as "grants") received by the Foundation for the use or benefit of the Station, including, but not limited to, the annual CPB Community Service Grant, the CPB National Program Production and Acquisition Grant, and any other grants applied for in the name of the Foundation and intended for the use and benefit of the Station. The Foundation shall not deduct or charge overhead or other fees or costs from the grants unless accounting services are requested in writing by PPR or as required as a condition of the award of the grants. In the event the Foundation, pursuant to this paragraph,

charges overhead, fees or costs, PPR shall pay to the Foundation such overhead, fees or costs in the amount and manner as previously agreed upon by the parties in writing.

6. LICENSE RENEWAL ACTIVITIES

The Foundation, as FCC licensee, has the ultimate responsibility with respect to all activities in connection with FCC license renewals, applications for power increases and such other filings and reports as may be required by the FCC. PPR agrees to assist and advise the Foundation in all such activities and to prepare all necessary documents, filings and reports for the Foundation in a timely manner.

7. RESPONSIBILITY OF LICENSEE

The Foundation and PPR agree and acknowledge that the operation of the Station in compliance with all laws, rules and regulations of the FCC is the ultimate responsibility of Foundation, as licensee. Nothing in this agreement shall be construed as limiting, transferring, assigning or relieving Foundation of such responsibility.

8. STANDARDS OF OPERATION

PPR agrees that it will manage and operate the Station in order that the Station continue to meet or exceed the standards for qualification for Federal funding which

have been or may be promulgated by the Corporation for Public Broadcasting. PPR further agrees to manage and operate the Station in such a manner in order to produce and to acquire radio programming of community value; to combine these programs into a nonprofit radio service of the highest quality for broadcast to the people of Southern California; to reflect the culture, events, issues and ideas of California and its people in radio broadcasts designed for national and international audiences; and to provide an environment for the training of the next generation of broadcasting professionals."

9. INSURANCE

PPR shall maintain in full force and effect during the term of this Agreement and any extensions or renewals thereof the following types of insurance and in the amounts set forth:

(a) Broadcast libel insurance	- at least $1,000,000
(b) General liability	- at least $_____
(c) Worker's compensation	- as required by law

All such policies of insurance shall name the Foundation as an additional named insured and provide that coverage may not be reduced or terminated without at least thirty (30) days prior written notice to the Foundation.

10. ACCOUNTING

PPR shall keep full and adequate financial and accounting records of its activities in connection with the Station and make such records, including, but not limited to bank records, ledgers, accounts, journals, and audits, available for inspection by the Foundation upon reasonable prior written notice. PPR shall cause its operations and records to be audited annually by a "big eight" accounting firm.

11. RELATIONSHIP

Except as otherwise specifically set forth in this Agreement, no partnership, joint venture, employment, agency, or other relationship is created between the parties. PPR is not authorized to represent itself in any way as representing the Foundation, nor is PPR authorized to enter into any contract for or on behalf of the Foundation, except with the prior written consent of the Foundation.

12. REPORTS

PPR shall submit to the Foundation a daily written report* of activities of the Station. Not more frequently than once per year PPR shall include in such report PPR's most current audited financial statement.

*COPIES OF PROGRAM LOGS

13. INDEMNIFICATION

PPR shall indemnify the Foundation and hold the Foundation harmless from and against any and all claims, liens, liability, damage or loss arising from PPR's management and operation of the Station or from any default in the performance of any obligation on PPR's part to be performed under the terms of this Agreement.

14. NOTICES

Any written notice to any party required or permitted under this Agreement shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the second (2nd) day after mailing if mailed to the party to whom notice is to be given, by first class mail, postage prepaid, and addressed to the addressee at the address stated opposite its name below, or at the most recent address, specified by written notice, given to the sender by the addressee under this provision.

If to Foundation: California State University, Long Beach, Foundation
1250 Bellflower Boulevard
Long Beach, California 90840

If to PPR: Pacific Public Radio, Inc.
c/o KLON/FM 88
1250 Bellflower Boulevard
Long Beach, California 90840
Attention: Mr. Rick Lewis

15. HEADINGS

The paragraph headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular paragraph hereof.

16. SEVERABILITY

In the event that any provision of this Agreement shall be held invalid, illegal, or unenforceable, the same shall not affect in any respect whatsoever the validity of any other provisions of this Agreement.

17. BINDING ON SUCCESSORS

The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each party.

18. COMPLETE AGREEMENT

This Agreement contains the entire agreement of the parties and, except as specifically referred to herein, all prior obligations, proposals and agreements relating to the subject matter hereof have been merged herein. This Agreement shall not be modified or amended except by agreement in writing duly executed by all the parties hereto.

19. ATTORNEYS' FEES

Should any litigation be commenced between the parties hereto or their representatives concerning any provision of this Agreement or the rights and duties of any person or entity in relation thereof, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorneys' fees and court costs in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

20. NO ASSIGNMENT

This Agreement and all of its rights and obligations may not be assigned by PPR without the prior written consent of the Foundation, which consent may be withheld in the Foundation's sole discretion.

21. INCORPORATION BY REFERENCE

The Fair Employment Practices Addendum attached to this Agreement is incorporated herein by this reference and shall be considered a part of this Agreement as if fully set forth.

22. GOVERNING LAW

This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed this Agreement as of the date set forth above.

Foundation
CALIFORNIA STATE UNIVERSITY, LONG BEACH, FOUNDATION

By_____

Its_____

PPR
PACIFIC PUBLIC RADIO, INC.
A California non-profit public benefit corporation

By_____

Its_____

1285B

FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, sex*, age*, national origin, or physical handicap*. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.

2. The Contractor will permit access to his/her records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practices Commission, or any other agency of the State of California designated by the awarding authority, for the purpose of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

3. Remedies for Willful Violation:

   (a) The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgement having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order, under Labor Code Section 1426, which has become final, or obtained an injunction under Labor Code Section 1429.

   (b) For willful violation of this Fair Employment Practices provision, the State shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by the State in securing the goods or services hereunder shall be borne and paid for by the Contractor and by his/her surety under the performance bond, if any, and the State may deduct from any moneys due or that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the State.

See Labor Code Sections 1411 - 1432.5 for further details.

APPENDIX M

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF ADMINISTRATION
DIVISION OF TELECOMMUNICATIONS OPERATIONS

5900 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507-1296
907-269-5744

December 22, 1987

TO WHOM IT MAY CONCERN:

The RATNET Council discussed the "use of telecommunications to lower travel costs" at their regular meeting on December 4, 1987.

The RATNET Council recognizes the value of teleconferencing for conducting meetings dealing with limited topics and lasting a few hours. The average Council meeting lasts 6 to 8 hours per day for two to three days. These meetings are heavily dependent on the visual material presented to the Council by broadcasters and independent producers for airing on the RATNET system. In addition to the visual materials, broadcasters and other parties are frequent visitors to meetings presenting a variety of proposals.

Past experience with teleconferencing has been disastrous, resulting in a general consensus among members that teleconferencing be limited in its use to executive council meetings. Minutes of meetings that have been held by teleconference have been difficult to record accurately.

The Council offers the following cost comparison of teleconferencing vs. travel.

For ease of comparison, the Alaska Teleconference Network (formerly LearnAlaska) figures for collect call in service have been used. These figures indicate the cost would be $570 per hour of teleconferencing based on 15 sites. This translates to a cost of $6,840 for 12 hours (two days at 6 hours per day) and $9,120 for 16 hours (two days at 8 hours per day). Indications are that some slight improvement in these figures might be realized if the conference could be considered a Department of Education function.

The conclusion is clear; the use of teleconferencing will not serve very well to conduct the business of the Council as a whole and if the meeting were to take the usual amount of time, the cost would be approximately the same.

Isaac Kayutak
Council President

by John Morrone
Deputy Director

APPENDIX N

RATNET MEMBERSHIP

November 3, 1987

*ISAAC KAYUTAK Box 764 Barrow 99723 (Msg)852-2070 (H)852-4750 (W)659-2635	President	Inupiat Community
*LINDA DAVIDOVICS C/O Maniilaq Corp. Box 256 Kotzebue 99752 442-3311 (W) 442-3711 (H)	Vice-President	Maniilaq Corporation
*KAY SHEPHERD Box 727 Whittier 99693 472-3250 (H)	Secretary	Governor's Appointee
*HENRY IVANOFF Box 178 Unalakleet 99684 624-3974 (H)		Kawerak
*RUSSELL NELSON Box 161 Dillingham 99576 (Msg)842-5471 842-2370		Bristol Bay Native Assn.
*PETER TWITCHELL Box 703 Bethel 99559 543-3131 (W) 543-3640 (H)		Association of Village Council Presidents, Inc.
*HAROLD HOPPER Box 245 Haines 99827 766-2249 (H)		Governor's Appointee
CHRIS GENE Box 124 Gakona, AK 99586 822-3497 (H)		Copper River Native Assn.
RHEA MAE KNAGIN Box 265 Port Lions 99550 454-2276 (H)		Kodiak Area Native Assn.

VERA SCHAFER
Box 80888
College 99708
479-3029 (H)
451-8592 (W)

Tanana Chief's Conference

NELLIE M. VALE
Box 193
Yakutat 99689
784-3423 (H)

Tlingit/Haida

THOMAS ABEL
C/O CINA
900 W. 5th Ave., Suite 300
Anchorage 99501
265-1270 (W)

Cook Inlet Native Assn.

ARNOLD MELSHEIMER
722 Ocean View
English Bay via
Homer 99603
281-2231 (H)

North Pacific Rim

DIMITRI PHILEMONOF
C/O APIA
1689 "C" Street
Anchorage 99503
248-5341 (H)

Aleutian/Pribilof Is.Assn.

JERRY BRIGHAM
C/O KYUK TV
P.O. Box 468
Bethel 99559
543-3131(W)

Alaska Public Broadcasting

LOIS STIEGEMEIER
Box F
Juneau 99811
465-2884 (W)

Department of Education

EDIE LYNCH
ACC/K-102
2533 Providence Drive
Anchorage 99508-4670
786-1990 (W)

UAA/ACC Instructional
Telecommunications

Alternates:

Billie Benedict (Russell Nelson
Box 1011
Dillingham 99576

Bonnie Eastburn (Thomas Abel)
C/O CINA
900 W. 5th Ave., Suite 300
Anchorage 99501
265-1270 (W)

Reggie Cleveland (Linda Davidovics)
General Delivery
Shunghak 99773
437-2168

Ramona Anderstrom (Nellie Vale)
Box 184
Yakutat 99689
784-3243

Larry Sinyon (Chris Gene)
St. Rt. Box 150
Gakona 99586

Rev. 08/13/87

BYLAWS

Established by the Rural Alaska Television Network Council
February 17, 1982

I. PURPOSE

The Rural Alaska Television Network Council (RATNET) was formed as a result of the Letters of Intent accompanying FCCS HB 50 (SLA 81, Chapter 82) and (SLA 86, Chapter 129). The Council serves as the policy committee programming the rural television distribution segment of the State of Alaska Satellite Television Project.

The Council represents the residents of the communities participating in the Television Project and provides the Division of Telecommunications Operations, Department of Administration, the State managing agency, direction regarding programming, policy, and Council goals.

II. ORGANIZATION

A. The Council is established pursuant to both Letters of Intent accompanying FCCS HB 50 (SLA 81, Chapter 82) and (SLA 86, Chapter 129).

B. The Council engages in business through the RATNET Council, which is composed of 12 individuals appointed by regional nonprofit Native associations and two individuals appointed by the Governor of the State of Alaska, one individual from the University of Alaska, one individual from the Department of Education, and one individual from Public Broadcasting.

C. The Council shall elect an Executive Committee composed of not less than three members in addition to the Council officers. This Committee shall act as authorized by the Council to conduct Council business between regularly scheduled meetings of the Council as a whole. Four Executive Committee members shall constitute a quorum.

D. Nine voting members shall constitute a quorum of the Council as a whole.

E. If an appointed Council member is absent, unexcused, from three consecutive meetings, the Council will direct the State managing agency to notify the affected organization, i.e., the regional nonprofit Native association, the Governor's Office, the University of Alaska, the Department of Education, or Public Broadcasting, of the lack of representation and request the appointment of another representative.

F. Council officers and Executive Committee members shall be elected annually from the Council membership at the first meeting of the new fiscal year. Officers shall consist of a Chairperson, a Vice Chairperson, and a Secretary.

G. Regular Council meetings shall be held quarterly or more frequently if called by the Council, Chairperson, or two Council members.

III. FUNCTIONS

A. To act as ombudsman, regarding the management of the Satellite Television Project, for the residents living in rural communities of the state which are served by the Satellite Television Project.

B. To provide programming, policy guidelines, and direction to the State agency managing the Satellite Television Project.

C. To establish and revise, as necessary, the Program Policy Guidelines regarding all programming intended to serve the rural residents of the state and communities participating in the Satellite Television Project.

D. To ensure compliance with the Program Policy Guidelines by the State agency managing the Satellite Television Project.

E. To develop the means by which to implement a regular policy of community assessment to survey community television preferences.

F. To implement the use of the Satellite Television Project to bring the residents of rural Alaska into sharper focus as informed and viable members of the state as a whole.

IV. AMENDMENTS

These Bylaws can be amended by an affirmative vote of no less than nine members of the Council, provided 30 days' notice of the proposed amendment has been sent by certified mail to all Council members. In the case of a Council-as-a-whole meeting, the Bylaws can be amended by an affirmative vote of a majority of Council members in attendance if a quorum is present.

Rev. 08/13/87

POLICY GUIDELINES

Regarding the Use of the State of Alaska Satellite Television Project Adopted by the Rural Alaska Television Network Council December 3, 1981

INTRODUCTION

The State Satellite Television System is a shared system providing four general types of service, which are: live news and sports, public service, instructional, and entertainment.

While every attempt should be made to keep the system as flexible as possible regarding use, certain scheduling policies have been established for the various user classes. These policies have, more or less, grown with the system and have become established in line with the actual usage of the system. These scheduling policies are outlined below.

RESPONSIBILITIES

The Department of Administration, Division of Telecommunications, is the managing agency responsible for the State of Alaska Satellite Television Project. The managing agency ensures the proper management of the Television Project and provides the avenues for necessary rural representation for selecting television programs to be carried on the Satellite Television Project to rural audiences.

The Rural Alaska Television Council (RATNET) is the organization responsible for making programming decisions as to what programs will be provided to the rural residents of the State, as well as to what times such programs shall be carried.

The RATNET Council is composed of 17 representatives recognized by the Alaska State Legislature and appointed by the 12 regional nonprofit Native associations (12 members), the Governor's appointees (2 members), and the University of Alaska, the Department of Education, and Public Broadcasting (1 member each). The Council members volunteer their services without pay.

It is the function of this Council to represent the interest of the rural residents of the State of Alaska in the matters of programming the State of Alaska Satellite Television Project.

It is the responsibility of this Council, as a whole body, to serve without bias or preferential treatment to any select group, agency, or organization and to respect the rights and opinions of all in a fair and equal manner.

All policy decisions made by the RATNET Council must be in compliance with the legal requirements and the contractual provisions by which the State of Alaska Satellite Television Project successfully operates.

SCHEDULING POLICIES

The time from sign-on to sign-off will be scheduled by the RATNET Council. All scheduling time referred to in this document is local Alaska time (LAT).

Public Service Time: National, state, and local emergency announcements will preempt all programming.

Requests for Satellite Time: All requests for satellite time will be evaluated by the RATNET Council.

Instructional Programming: Instructional programming is considered to be consistent in quality with network programming and will be assigned on a time slot basis.

Policy Revisions: Periodic review of the Policy Guidelines will occur at the regular meeting at the end of the fiscal year.

PROGRAM GUIDELINES

This section establishes guidelines regarding program material submitted by organizations requesting time on the State of Alaska Satellite Television Project.

1. Independent producers requesting satellite time must present their requests in writing and 3/4-inch videotape format to the RATNET Council.

2. Program material, if approved, must meet acceptable broadcast standards with regard to quality of content and production.

3. Entertainment Program Selection: Entertainment programs will be selected from the local affiliates of all major networks and independent program producers, if permission to carry programs is available.

4. Sports Programming: Sports programming will be evaluated on a seasonal basis.

5. Public Service Programs: Sustaining public service programs will be evaluated on a quarterly basis.

6. Political Broadcasting: The RATNET Council recognizes the importance of political broadcasting to the public. In addition, reasonable access to broadcasting facilities and equal opportunities for candidates to access the air waves contribute to public participation in the election process. Recognizing these benefits to the public, the RATNET Council will promulgate its political broadcasting policies three months prior to primary elections to ensure that legally qualified candidates for statewide and federal offices have access to broadcast time on the State of Alaska Satellite Television Project.

7. Religious Groups/Faiths: Religious groups are subject to the following guidelines:

   A. Program material may not be used to proselytize.

   B. Religious music may be treated as any other cultural art form, but may not be used to proclaim a specific religious doctrine (i.e., traditional music of the various religious festivals is acceptable).

   C. The Bible or other holy books representing the various faiths and denomirations may be treated as any other document used in a comparative discussion of the many faiths or when used during an interview or other newsworthy coverage.

   D. Historical documentaries accepted on the national level depicting one aspect of our multi-faceted culture will be considered just as any other historical documentary.

8. Alaska-Produced Programs: The RATNET Council encourages locally produced programs for the Alaska statewide audience.

9. Deviations From the Established Schedule: It is the intent of the RATNET Council to keep deviations from the established schedule to an absolute minimum. The following guidelines are to be consulted when changes to the RATNET schedule are requested or required:

   A. The RATNET Council is to be notified in writing at the regularly scheduled meetings.

   B. If No. A above is not possible due to the time frame involved, as might occur in the case of important news stories, then telephone confirmation with the RATNET Executive Committee, by the Project Coordinator, is required.

C. If neither No. A or No. B above is possible, then the television project managing agency (the Division of Telecommunications Operations and the Tape Delay Center) will use its best judgment as to rural acceptance of the proposed schedule change. Such judgment shall take into account the policy guidelines as established in this document, and the Executive Committee will be advised at the earliest possible time.

D. In all cases when the rural feed schedule has to be altered, changes will be announced on the schedule.

10. Schedule Dissemination: It is the intent of the RATNET Council to provide rural viewers with the broadcast schedule in one or more forms. It is the responsibility of the project managing agency to expedite the distribution of the Satellite Television schedule monthly to rural media representatives. In addition, the Tape Delay Center will carry the daily program schedule at the earliest possible times, repeating the schedule information as often as possible. When the situation arises requiring preemption of the rural programming, the given changes will be disseminated by the Tape Delay Center.

11. Amendments: These Policy Guidelines can be amended by an affirmative vote of no less than nine members of the Council, provided 30 days' notice of the proposed amendment has been sent by certified mail to all Council members. In the case of a Council-as-a-whole meeting, the Policy Guidelines can be amended by an affirmative vote of a majority of Council members in attendance if a quorum is present.

APPENDIX O

KTOO - TV
Juneau, Ak. 99801
224 Fourth Street
907 586-1695

KAKM
Anchorage, Ak. 99504
2677 Providence Drive
907/276-7070

KUAC - TV
Fairbanks, Ak. 99701
University of Alaska
907 474-7491

KYUK - TV
Bethel, Ak. 99559
Post Office Box 466
907 543-3131

JAN 11 1988

January 06, 1988

Joan M. Kasson
Policy Analyst
Office of Management and Budget
Division of Policy
PO Box AD
Juneau, Alaska 99811-0199

Dear Ms Kasson:

I read the draft of the report dealing with alternatives to try and identify cost efficiencies in the operation of RATNET and Public TV in Alaska. I was favorably impressed with the end product. Much effort and outstanding co-operation between agencies was apparent in the end product.

I am probably more concerned with the report than most because I am in the unique position of being a RATNET Board member (the Public Television representative) and a Public TV station manager (KYUK in Bethel). So, I have multiple concerns and did some work on the report with PBS and APBC in the early stages.

I have only one suggestion:
RATNET is sort of like a secret society in many ways; everyone is aware of its presence, but few know (1) How and why it was created, (2) What is its mission and role as stated in bi-laws (3) Who are the Board members and how are they choosen (4) How are programming decisions made for the entire state and (5) What is its relationship with other state agencies?

Perhaps this information could be given in the Appendices or supplied to the Legislature as a packet.

Although not addressed in this project, perhaps such a collection of documents could bring about some interest in the related area of restructuring the Board, re-defining its role and perhaps insuring different means for a better system of feedback from users and tighter guidelines on crucial RATNET decisions. This could perhaps engender some future cost savings.

Sincerely,

Jerry Brigham
General Manager
KYUK TV-Bethel

PUBLIC TELEVISION NETWORK OF ALASKA

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

ALASKA DIVISION OF EMERGENCY SERVICES

3501 E. BOGARD RD
WASILLA, AK 99687
PH. 907-249-1370
907-376-2337

December 30, 1987

Ms. Joan M. Kasson
Policy Analyst
Office of Management and Budget
Division of Policy
P.O. BOX AD
Juneau, Alaska 99811-0199

Dear Ms. Kasson:

The Division of Emergency Services involvement with the Rural Alaska Television Network (RATNET) is one of expediency and cost effectiveness.

Tasked with the responsibility of providing timely warning and direction to the populace of Alaska in the event of a disaster or potential disaster, the Division developed a warning program to utilize the existing RATNET as a means of reaching thousands of Alaskans in a relatively short period of time.

At a cost of less than $25,000 we were able to purchase equipment capable of using the RATNET to transmit an emergency tone connecting the 15 regional radio stations of the Emergency Broadcast Systems. Additionally, through use of the uplink facilities in Anchorage we were able to reach each of the communities served by RATNET, simultaneously, with an on-screen warning message.

Those options identified in this report that include a State Network System (Control) are acceptable to the Division. Under these circumstances we could continue to provide timely and effective warning and guidance statewide in the event of a disaster or potential disaster.

Sincerely,

Ervin Paul Martin
Director

EPM:DRD:kc

Northwest Community College
POUCH 400, NOME, ALASKA 99762 (907) 443-2201

January 11, 1988

Joan M. Kasson
Office of the Governor
Office of Management and Budget
P.O. Box AD
Juneau, AK 99811

Dear Joan:

Thank you for sending me the draft report which will be submitted to the legislature. Unfortunately, the draft arrived at my office after I left the state for Christmas vacation. Please give my compliments to the review team for presenting an excellent and comprehensive listing of the many options available to the legislature on the telecommunications issue.

It is obvious that the conclusion section of the report will allow rural communities to be given much attention as the deliberations unfold. The options for local control and flexibility for viewing choices has been recognized by your team, and fulfills many of the goals I have personally set for getting the government to provide villages with the services they deserve. Since I have now been given the responsibility by the University of Alaska-Fairbanks to coordinate educational media in the Norton Sound region, it is with great expectation that your report will persuade the legislature to make a decision in a timely fashion. So many people in these villages are waiting for the authorization to get started. and Northwest College can help expand the beneficial utilization of local television in these villages, as well as the many other colleges in the state.

Again, I thank you for giving me this information, and please keep me informed on the progress of the legislature's actions on the issue. If I can help you with any details which may arise regarding local television options, feel free to call or write.

Sincerely,

Daniel Johnson
Media Center
Northwest College

an equal opportunity institution

SDSU

THE CENTER FOR COMMUNICATIONS
SAN DIEGO STATE UNIVERSITY
SAN DIEGO CA 92182

(619) 265-6933

January 21, 1988

To: Telecommunications Review Team,
State of Alaska

From: John P. Witherspoon

Subj: Review Team Report

At the invitation of your Team and the Corporation for Public Broadcasting, I have reviewed your draft report dated December 18, 1987, and the comments you received through January 19. I also participated in meetings with members of the Team and other interested parties during a visit to Juneau January 18-19.

You have carefully addressed the issues mandated by the Legislature in 1987. There would be little purpose in my further recitation of most matters contained in your draft, but two comments may be pertinent:

1. One of the benefits of this inquiry has been to raise anew the issue of extending public television transmission to more rural areas. While I would certainly not recommend substituting such a service for the existing RATNET arrangements, the normal evolution of satellite communication service in the State should make it feasible to consider enhancing PTV distribution within the next few years. The LPTV transmitters formerly used by LearnAlaska, fed probably by a next-generation Ku-Band satellite system, should be an interesting prospect. The growing number of rural cable TV systems may also be part of this equation.

2. In terms of meeting the legislative goal of long-range savings, it appears that the most likely of the steps under consideration would be those that have

the practical effect of increasing competition among the State's telecommunication carriers. The key to that objective would be for the State, rather than any carrier, to own all of the earth stations used in the television service. As a footnote, one might recall that when the Federal Communications Commission adopted its domestic satellite policy in 1972, it permitted non-carrier ownership of earth stations precisely to achieve such competition.

Parenthetically, Mr. Shaginaw's letter of January 8 contains a significant historical error on page 2. The Public Broadcasting Act of 1967, which modified the Communications Act to permit "free or reduced rates" was not based on the assumption that such service would use excess capacity. I doubt that such a reference will be found in the legislative history, and I can assure you that no such assumption underlay the subsequent negotiations between AT&T and the Corporation for Public Broadcasting. I participated in that process during my tenure at CPB.

I appreciate this opportunity to comment on your excellent work. You have done a concise but thorough job of defining the issues and alternatives. To borrow some further language from the Public Broadcasting Act, you have provided a nice model of objectivity and balance.

JOHN P. WITHERSPOON

John P. Witherspoon is Professor of Telecommunications and Film and Director of the Center for Communications at San Diego State University. He is also a planner and consultant in telecommunications, specializing in applications of communication technolgy.

He is currently directing the University's Program on Communication for National Development, helping Third World nations to apply mass media and telecommunications technology appropriately in such areas as agriculture, public health, and economic development.

He was director of the 1983-85 project on Electronic Text for Higher Education, heading a consortium consisting of San Diego State University, the University of Wisconsin, the University of Nebraska, and WGBH Boston. The project was supported as a national technology evaluation by the Annenberg/CPB Project.

For the four years ending in mid-1979, Mr. Witherspoon served as President of the Public Service Satellite Consortium. During the previous decade, he was the first principal executive for television of the Corporation for Public Broadcasting, Vice-President of KCET Los Angeles, and the first General Manager of KPBS-TV/FM San Diego. He was the founding Chairman of the Board of Directors of National Public Radio.

He currently serves as a trustee of the Pacific Telecommunications Council and a director of the Public Service Satellite Consortium.

As a consultant he has included among his clients the Corporation for Public Broadcasting, National Public Radio, a number of major foundations, the Foreign Policy Association, the Overseas Development Council, the Western Interstate Commission on Higher Education, and numerous universities, businesses, public broadcasting agencies, and agencies of the Federal Government.

During the 1979-80 academic year, he served as Distinguished Visiting Lecturer in Telecommunications at San Diego State University. He has previously served on the faculties of San Diego State University and Stanford University.

OF BUDGET
JAN 8 1988
STRATEGIC PLANNING

January 5, 1988

General Communication Incorporated

Joan Kasson
Policy Analyst, OMB
P. O. Box AD
Juneau, AK 99811-0199

Dear Ms. Kasson,

In response to your draft report concerning RATNET, GCI would like to make the following comments:

1) In the Executive Summary, the Introduction, Section I, and again in Appendix C, the draft report suggests that the state should negotiate a better rate with Alascom for RATNET transmissions. Nowhere in the report is there mention of what the state's negotiating position might be in order to get a better rate.

By creating an environment in which fair market forces can function, the state will be in a better position to negotiate the rate for these transmission services. Consequently, full state ownership of the 146 small earth stations, currently owned by Alascom, would be requisite to the fair and open competition of the transmission facilities.

2) The GCI Estimated System Costs itemized on Table D (page 31), indicate that the savings inherent in GCI's pricing is only entered after FY93, when all of the Alascom-owned earth stations might be replaced. This model dilutes the potential savings which would be available to the state if the conversion of the Alascom owned earth stations was completed earlier. We recommend that the quoted GCI rates be applied from FY91 - the earliest reasonable date by which the conversions might be completed.

GCI appreciates the opportunity to contribute to this

2550 Denali Street • Suite 1000 • Anchorage, Alaska 99503-2781 • 907/265-5600

report on alternatives to maximize the cost-efficiency of RATNET. Please keep us informed as to how we might help in the future. I would appreciate it if you would address all future correspondence to my personal attention.

Sincerely,

Richard Stoltze
Account Manager
State of Alaska



OFFICE OF
MANAGEMENT & BUDGET
JAN 4 1988
STRATEGIC PLANNING

THE ALASKA NETWORK

Richard M. Zook
Executive Vice President &
Chief Operating Officer

December 30, 1987

Ms. Joan M. Kasson
Policy Analyst
State of Alaska
P O Box AD
Juneau, AK 99811-0199

Dear Ms. Kasson:

You asked for our comments on DISCUSSION DRAFT, a report on the Rural Alaska Television Network in response to Telecommunications in the FY88 Operating Budget.

For the state to subsidize television in some minds is quite questionable. But, in a state the size of Alaska, the economics of commercial television covering the state or public television covering the state are unrealistic. We feel that RATNET is the only system which allows the necessary linking of the state together in a national or statewide emergency. It also allows a cultural exchange to exist. Without it I am afraid that the people of the state would never really learn to know each other.

Our belief in communication for the state has been evidenced in that here at KIMO we have produced a statewide newscast that over the years was partially underwritten by a major advertiser; but for each dollar they put into it, KIMO put in three. So, in essence, we have underwritten a newscast for the state for many years. In this economy, that is a large chunk to swallow.

Upon reading your comments on how to reduce the operational cost of RATNET, I believe that the low power television stations and the satellite have to be underwritten by the state of Alaska. Program delivery through its Tape Delay Center possibly could be operated better and at a lesser cost if operated contractually. The idea of having the local communities being able to insert programming is nice, but should be totally borne in cost by the community in which it occurs. Most home equipment today complies with the standards set forth for video transmission by the FCC. Your statements at the top of Page 9 regarding cost, I believe, are incorrect because the home cameras and recorders can be used (probably with this a time base corrector) and would still comply with FCC standards. We are seeing on new network shows home video film that has simply been time based.

One of our wonderments has been the lack of usage of the television channel for additional data, as well as the use of it as a subcarrier for public radio (which it now does).

In Section 4 I find a major problem in the low power television stations. Our network attorneys and our FCC attorneys believe it would be a case of piracy for a low power television station to retransmit either Cancom or Netlink. That would be in violation of the program producers' individual copyrights which cannot be extended by either of those two corporations to over-the-air broadcasters. Under our present system the networks, through their local affiliates, offer shows to RATNET. Not all of our sign-on to sign-off programming can be offered due to our contractual limitations with the syndicators. In some cases we own exclusive statewide rights to shows and to take them from a Denver station, for example, and show them in Alaska would break copyrights and contracts.

This would also apply to the majority of the services on satellite and definitely would apply to all commercial broadcasting. Again, this is an area that is being hotly contested by the networks and the cable operators. The low power television stations would have nothing but grief in this area. Your whole discussion in this section cannot apply since neither have the rights to sell programming for over-the-air use.

Here at KIMO we have realized since the conception of RATNET that some day the cost per viewer would be questioned and maybe the source would be asked to pay for the delivered service. In Section 6 you talk about commercial payment for the state owned Southcentral microwave network. Concerning this subject, again, we feel that the communities being served probably are the ones who should be paying. We could say that the advertisers should pay for this service, but unfortunately the population base of the areas being served do not necessarily generate enough revenue to underwrite this service as a commercial venture. Again, a lot of thinking and discussion is needed in this area.

In order to make the system cost effective we simply have to utilize the transponders for more than just video. We need to incorporate public radio, as well as additional data transmission to offset its cost.

Sincerely,

Richard M. Zook
Executive Vice President
& Chief Operating Officer

RMZ/db

NORTHERN TELEVISION, INC.
THE BROADCAST CENTER

P.O. BOX 102200 ANCHORAGE, ALASKA 99510
KTVA-TV/KBYR-AM/KNIK-FM/MUZAK
(907) 562-3456

PO. BOX 950. FAIRBANKS. ALASKA 99707
KTVF-TV/KCBF-AM
(907) 452-5121

Anchorage, Alaska
January 8, 1988

OFFICE OF
MANAGEMENT & BUDGET
JAN 11 1988
STRATEGIC PLANNING

Ms. Joan M. Kasson
Policy Analyst
Office of Management and Budget
Division of Policy
State of Alaska
P. O. Box AD
Juneau, AK 99811-0199

Re: Comments of Northern Television, Inc. in Response to Discussion Draft Entitled "A Report to the Alaska Legislature in Response to Intent Language Regarding Telecommunications in the FY 88 Operating Budget"

Dear Ms. Kasson:

Reference your letter of December 18, 1987, the request for response by January 4 was impossible to accomplish. Your letter and accompanying draft report were not marked First Class Mail, and must have languished with 4th class magazines in the postal system because they did not arrive at KTVA until Thursday, December 24.

The draft report is a most comprehensive piece of work and exhibits a high degree of concern and thoughtful study. There are many elements of the RATNET satellite distribution system which have an important historical background, not known to or understood by all concerned. I thought it might be useful to offer a comprehensive review of the genesis and implementation of the RATNET satellite distribution concept so that those responsible for the report would more fully understand its legal and regulatory ramifications. What is written here can be documented, if ever necessary, from my personal files and the files of Northern Television, Inc., of which I am Chairman and Chief Executive Officer.

Following the history I will comment on some of the draft report alternatives and suggest others which might be worth more study. I discuss, in addition, serious concerns (including legal) relating to this report. While this letter may be too late, (and I am not advocating that any of my material be actually part of the report), it might be useful reference material and provoke new lines of research and consideration.

In the early 1970's, what was then the Alaska Educational Broadcasting Commission ("AEBC"), under the very able leadership of Dr. Charles Northrip, created a concept that has had far reaching ramifications - the origination of

programming by Translator stations or what we now know as "Mini-TV stations". Up to that time a very popular and effective way of extending the range of TV stations was by means of off-the-air Translator stations, operating automatically and simultaneously from the carrier signal of a TV station. The Federal Communications Commission ("FCC") licensed these Translators, and the license could be owned by the primary TV station, or a community group. To rebroadcast the station, however, permission was required from that station. If the station was network-affiliated, the network also had to give written authority to rebroadcast its proprietary programming material. Networks willingly provided such authority, at the primary station's (affiliate) request, and the Translator then operated under an extension of the station's affiliation agreement with the network. This authorization framework is an extremely relevant legal and contractual reality, and continues to be valid to this day.

The AEBC concept of the early 1970's coincided with the invention of color 3/4" U-Matic tape equipment and was entirely unique and unprecedented. If the area to be served was beyond the off-the-air reach of the primary TV station, why not substitute a video-tape input to the "Translator" instead of an off-the-air TV receiver, and provide service to the remote public on a tape-delay basis? The FCC authorized tests at three remote Alaskan sites and equipment manufacturers provided equipment to conduct the tests. Thus was born the Mini-TV concept which eventually spawned a similar system to provide network programming to Alyeska Pipeline construction and pumping stations camps, later the State Satellite TV Demonstration Project in January, 1977, and finally the RATNET State-wide system now in existence.

In 1974, when the Alyeska oil pipeline construction began, the Vice President, General Manager of my company's Fairbanks Division, Mr. Ted Lehne, conceived the idea that the Mini-TV concept might be useful to help entertain the some 22,000 pipeline workers between Prudhoe Bay and Valdez. I began negotiating with the FCC to determine whether the authority granted to the AEBC for three public Mini-TV stations might also be applicable to tape delayed network programming of entertainment, sports and news provided to pipeline workers. The FCC agreed.

It was also necessary to convince the CBS Television Network that this would not cause disastrous problems. The potential liability to the network was enormous. CBS had nothing to gain, because the entire Alaskan population was such a small part of its circulation universe that it meant nothing to CBS' bottom line. On the other hand, the network contracts with TV programming suppliers for millions of dollars worth of programming rights annually, and an abuse of those rights could create an enormous liability. Typical abuses would be to illegally tape record programming and sell it (for example, to Saudi Arabia for entertainment in their oil field camps) or to play back the tapes an unauthorized second time on the Mini-TV station. Network/programming contracts typically call for two runs - the original network release, and one rerun. A second, or unauthorized rerun would breach the contract and subject the network to suit and damages. Finally, through the genius of Mr. Don Clancy, CBS Network Vice President of Contracts and Legal Services, it was determined that the network could protect itself so long as the affiliated station did the taping and made the tapes available to Alyeska Pipeline authorities, which properly

logged and identified the programs and returned the tapes to the affiliate for erasing after play at the Alyeska camps. The responsibility for this method of control was the affiliate's, and the network would be in compliance with their program suppliers and their contracts with the network.

The center of distribution to the Alyeska pipeline was Fairbanks. My company, Northern Television, Inc., owns and operates KTVF there, with a primary CBS network affiliation. Midnight Sun Broadcasting Company then owned and operated KFAR-TV, with a primary NBC network affiliation. KTVF and KFAR-TV both shared ABC network programming through a "per program" affiliation agreement because no third station existed in Fairbanks. Northern TV applied to the FCC for 18 Mini-TV licenses along the pipeline route, and shared this application data with Midnight Sun Broadcasting which requested identical Mini-TV licenses from the FCC. These applications were necessary to comply with the delicate network legal requirement that network programming could be used on a Translator/Mini-TV station only "as an extension of their affiliated station agreement."

The FCC subsequently granted identical Mini-TV licenses to both KTVF and KFAR-TV to serve all the camps, but with a unique twist to satisfy FCC legal requirements. It authorized different Mini-TV call letters to the KTVF licenses than to the KFAR-TV licenses! Technically, when a camp Mini-TV station transmitted a CBS network program at a camp, the KTVF Mini call letter applied; when an NBC program was aired, the KFAR-TV Mini-TV call letter applied. This unique system provided programming to the pipeline camps until 1976, when it was no longer needed. To provide the service, KFAR-TV and KTVF had to make as many program tape copies as there were Mini-TV stations operating in the camps, because Alyeska had an airlift distribution daily to the entire pipeline system out of Fairbanks and did not want to bicycle programming from one camp to another.

Impressed with the success of the Alyeska Mini-TV network, the State organized a meeting with Anchorage TV broadcasters in December, 1975. Professor Bob Merritt, on contract to the State from the University of Alaska, Fairbanks, in conjunction with representatives of the Governor's Office of Telecommunications, Director Robert Walp and Deputy Director George Shaginaw, requested that the TV stations and State representatives study the concept of implementing what became known as the TV Demonstration Project ("TVDP") - a system of distributing programming from Anchorage network affiliated stations to 23 remote Alaskan community Mini-TV stations via satellite. After several initial meetings, the principal State representative delegated by Mr. Walp to interface with the broadcasters was Mr. George Shaginaw who did an outstanding job.

All of 1976 was used to investigate and fine-tune this concept, again with FCC and network negotiations by all concerned. The State decided to schedule the beginning of TVDP on January 15, 1977.

Not all of the three New York network management officials thoroughly understood the concept. Therefore, I volunteered to represent the Anchorage network affiliated TV stations, and Mr. Shaginaw and I travelled to New York the first

week in January, 1977 to attend meetings and obtain concurrence from all of the networks. After calls on their respective legal and affiliate relations officials, the networks authorized TVDP, with the understanding that it was a test demonstration, and if any abuses occurred potentially detrimental to the network, the agreement would be cancelled and the test terminated immediately. Mr. Shaginaw and I promised to return in one year with a report, at which time the networks would decide if the concept could be implemented on a continuing basis.

In the meantime, the State Office of Telecommunications had applied to the FCC for 22 of the 23 remote village sites to be part of the TVDP, but the FCC had not acted on them, although the system was scheduled to go on line January 15, 1977. (Diomede Island, the 23rd site was dropped from the test because the earth station there could not "see" the satellite.)

Mr. Shaginaw had to return to Juneau from New York, but I proceeded on to Washington, DC to work with the State legal counsel at that time, and made contact with the Director of the Translator Division at the FCC, Mr. Gordon Oppenheimer. As it turned out, not only were the 22 State Mini-TV licenses not granted, some had not even begun to be processed at the FCC, and one or two were still in the FCC "in basket". This was the Thursday before the Monday, January 15 scheduled beginning of the TVDP! Credit Mr. Gordon Oppenheimer with being a most unusual and understanding bureaucratic regulator. He told us that if we guaranteed there would be no abuse of the system he would authorize the State by telegram the next day, Friday, and the necessary paperwork would follow as he had time to process it. TVDP thus began on schedule, Monday, January 15, 1977.

The TVDP turned out to be so successful and popular a project in the rural communities served, that the Legislature provided continuing funds, and Mr. Shaginaw and I returned to visit all three TV network in New York in January, 1978 to make our promised report. They were pleased with what they heard, and signed off on the whole concept as an acceptable continuing operation, but with the same admonition that if any abuse or deviation from the agreement occurred, they could terminate authority to their Anchorage affiliated stations at any time, and in turn those stations would have to deny access of network programming to what by then had become known as the State RATNET system.

In retrospect, I don't believe anyone would deny that the RATNET system was about as unique and unusual as anything ever conceived for service to both remote and urban areas throughout the vastness of Alaska. Satellite delivery made it possible, and it was and still is costly. However, to maximize use of the satellite transponder made available by Alascom, some very innovative technical developments were implemented. The local affiliated stations were provided tape equipment by the State to record their network or other programming which had been selected by the RATNET state-wide committee. Recording was done by each station <u>at no charge to the State</u>. In return, network news and sports programming, as transponder time permitted, came in to the three Anchorage affiliated stations on a live and direct basis by means of technical wizardry, receiving two TV channels with programming on one satellite

transponder. This called for innovative and creative scheduling, but it worked, and at the same time an adequate schedule of TV programming in a single-channel per transponder mode was transmitted to the ever-growing number of rural community Mini-TV stations. A system that had all the potential for disagreements, impossible scheduling and disaster worked just fine. RATNET communities, through choice by their own committee representatives received virtually everything they wanted, and urban communities throughout the State received virtually all the live news and sports programming they desired. RATNET was and is a classic example of dedicated people working together to achieve a highly desirable goal.

This marvelous State system has become the model of interest by several foreign countries. I understand that Australian and Chinese representatives have inspected it. I personally escorted and introduced around a technical delegation from South Africa, who were recommended to me by CBS. Their view was that RATNET was a fantastic concept, and a highly successful one.

Returning to the year-long series of organizational/study meetings in 1976, the underlying and unanimous admonition by the participating broadcasters to the State was, "Don't start such a project, which will have a profound impact on rural communities, unless you are prepared to continue it". Our concern was that once the appetite for TV entertainment, sports and news was whetted, to terminate such a service would be political suicide on one hand, and - if not understood or perceived as a political decision - could become a public relations debacle for the participating Anchorage TV stations. This admonition is still very true today.

There is a very great difference now however, so far as station public relations is concerned. For the past two years all Alaskan stations have their own network provided satellite service and their own earth stations. They do not depend on the RATNET system for any incoming live news and sports programming. However, they still must give permission to the State, (as must their networks), to access programming. It must be understood that the network rights to programming made available at no cost to the State involve billions of dollars. The copyright law also is at play here too. One of the strictest network conditions for retransmission of network programming is that the program has to be transmitted in its <u>entirety</u> - no deletion at the beginning, at the end, and absolutely no commercial deletion. This condition is not self-serving to the networks; it protects the integrity of the program, complies with the rights of the proprietary owners and avoids copyright and related litigation. The networks do not make a nickel on distribution of their programs by the RATNET system, or to Alaska as a whole for that matter. Alaska is not included (neither is Hawaii) in the National Nielsen Index, which is the basis for what the networks charge in compensation for national advertising. In other words, Alaska and Hawaii TV households are not counted in any of the three networks' rate base. Indeed, whatever the networks pay their Alaskan affiliates has always pained the networks because to them we are an "expense" which is not recovered by offsetting income on their part based on our circulation. Therefore, the RATNET system is still a potential liability, if abused, to the

networks, and in no way is it an asset or of any financial value to them.

In short, I have attempted to demonstrate by this historical discussion that the RATNET system has proven a strong and effective "Mini-TV" system in the State of Alaska. Such a successful effort should not be altered or abandoned absent compelling policy reasons.

So much for history. My assessment of the impact of several sections of the draft report follows:

Section Three: Transfer of ownership of RATNET Mini-TV stations to local entities is a nice theory, but would open a Pandora's box of trouble such as neglect, misuse, failure to comply with FCC rules, failure to renew licenses, and illegal operation. This occurred earlier before the State assumed responsibility. Rather than save money, this proposal would cost money because each local entity would be duplicating what had to happen at every other location. Larger communities might accomplish the transition fairly satisfactorily because management of even a Mini-TV operation requires skill and dedication. What about the smaller, less sophisticated communities? The rural communities would divide into "haves" and "have-not's" - and the smaller ones needing service the most would inevitably be left without adequate service. One need only look to the difficulties and failures experienced in the lower 48 states when the FCC authorized low power television service for the delivery of local programming to realize that the instant proposal is totally unworkable. It has become a historic fact that local communities - given the opportunity - provide virtually no local programming because they lack funds, the qualifications, the inclination - and the viewers, for the most part, are uninterested. Who would foot the bill for the expanded expense operating each locally owned entity throughout Alaska when transferred from the RATNET system? If it came from the State, it's trading dollars. Where else would it come from? If there is a perception that more locally produced programming should be available to rural communities, this local orientation could be accomplished by embellishing the existing RATNET system. If the local communities had the desire and capability, they could telecast their own particular programming of local interest such as school board meetings, City Council meetings, sporting events, etc. (As noted above, this programming would be of extremely limited duration.) There is no reason that local schedules could not pre-empt the RATNET satellite feed for local release of their own produced programming to satisfy their locally perceived needs. Such programming would not interrupt the over-all RATNET distribution system. The best of both worlds is thus possible without transfer of the local Mini-TV to the community at all. This would be a supplemental benefit to the RATNET system in a meaningful way, but not a replacement of it.

Further, the State should retain possession of the entire group of Learn Alaska Mini-TV transmitters at their present remote village locations. They represent an expensive investment and in time might well provide another valuable link to rural Alaska when new and less costly satellite delivery technology emerges. Learn Alaska was a noble project which was born because a few high minded

theoretical educators decided what rural Alaska should have, rather than what rural Alaska wanted or would accept. A case of barrels of money available at the time so "let's spend it" on this grand idea. I believe the day will come when a very inexpensive satellite transponder will be available - perhaps upstream when there is a super-abundance of Ku Band or C Band satellite facilities - and this is where an uplinked KAKM-TV, Public TV program feed could be used to provide a full time alternative to the RATNET entertainment service. Some day it will be economically feasible.

As a matter of fact, this idea could very well couple with a coordinated system of feeding all public TV stations in the State identical PBS programming at the same time, thereby eliminating redundancy of effort and expense. For example, if KAKM-TV, Anchorage, were to devise a model PBS plus Alaskana schedule, after receiving PBS programming by satellite, and retransmitted it simultaneously to KUAC-TV, Fairbanks, KTOO-TV, Juneau and KYUK-TV, Bethel as well as to the 235 dormant Learn Alaska Mini-TV transmitters, great saving in staff time at all the stations would occur with a decrease in expense and State funding. All three of these "satellite" repeater stations are in the same time zone, and there would be only an hour time differential at some of the far Western Learn Alaska Mini-TV sites. If the reduced Public Broadcasting common carrier tariff applied, the cost effectiveness of this coordinated system might well be attractive. KAKM-TV does a superb job of programming, some of it appealingly whimsical, and it would be appreciated and viewed in rural Alaska as a beneficial second and/or alternative TV viewing opportunity. The Fairbanks, Juneau and Bethel public TV stations would still have total autonomy to cut away to telecast their own locally oriented programming, but the PBS schedule, which each of them telecast individually, could be packaged from one source, KAKM-TV, and at the same time benefit 235 rural Alaskan communities. Ideally, each of these three stations could produce programming for integration into the State-wide KAKM-TV program distribution schedule, resulting in a productive, tightly knit cooperative effort. In a word, program coordination should take place at a central location. This is most beneficial from a cost standpoint.

This same concept would also effect cost saving and efficiencies if applied to the State funded public radio stations. They could be fed a core programming of National Public Radio and Alaskana programming from a single source station by means of an audio sub-carrier of the KAKM-TV PBS signal.

Section Four: The draft report provides that low power television stations in Alaska may take and rebroadcast the satellite feeds of CANCOM or Netlink which in turn are taking, respectively, the network programming from Detroit, Michigan and Denver, Colorado network affiliated broadcast television stations. These programs would be provided to Alaskan homes two or more hours in advance of their broadcast by the Alaska broadcast affiliates (i.e., the six o'clock news would be broadcast at four p.m.). In this regard, the report states that "Conversations with Netlink officials have resulted in a commitment by that firm to allow any Alaska community licensee to receive Netlink programming and choose, from among the six channels, a single channel or any combination of channels, up to the total six available..." (p. 13). This critical underpinning

to the proposal to dismantle RATNET is based on the false premise that Netlink, or any other entity, has the right to provide the low power stations with the networks' programming.

The CANCOM concept is international piracy of unauthorized proprietary network programming and was fought successfully by the Alaska Broadcasters Association during 1985 and 1986. Appearances were made at a Telecommunications subcommittee of the Canadian Parliament in Montreal in June of 1985, appeals were made to the FCC, and support against CANCOM was acquired from the Alaskan Congressional Delegation. The Netlink concept is a domestic version of programming piracy of unauthorized proprietary network and other programming.

Neither CANCOM nor Netlink has the right to provide network programming to others for rebroadcasting. Indeed, this proposal would infringe the property rights of the networks and its program producers; rebroadcasting those services would violate Section III of the Copyright Act of 1976 as well as Section 325 of the Communications Act of 1934. Moreover, network companies and their affiliate associations are currently litigating in federal court their claims against a company which is attempting to provide a similar type of service directory to home satellite dishes. CBS Television Network Affiliates Association, inc. and CBS Inc. v. SBN, 87 Civ 0788 (S.D.N.Y.); Capital Cities/ABC, Inc. v. SBN, 87 Civ 0495 (S.D.N.Y.); Pacific and Southern Co., Inc. and KPNX Broadcasting Company v. SBN, 87-357A (N.D.Ga.); National Broadcasting Company Inc. v. SBN, (87-421A)(N.D.Ga.); NBC Television Affiliates v. SBN, 87-629A(N.D.Ga.). (note attachments).

The Federal Communications Commission itself has recently noted that, to the extent the Netlink type of operation would involve retransmission directly to home dish owners, it raises significant questions under the Copyright Act. The FCC has noted that this type of activity may disrupt the ability of network television affiliates to serve their local communities and has said that, regardless of the outcome of the copyright infringement claim, "it would be appropriate for (the Commission) to address the matter from the point of view of general communications policy." Report, In the Matter of Inquiry into the Scrambling of Satellite Television Signals and Access to those Signals by Owners of Home Satellite Dish Antennas, Gen. Docket No. 86-336, 62 RR2d 687, 745-46 (March 23, 1987).

Moreover, the Copyright Act violations in this instance would be more heinous because the network and related programming would be consolidated piecemeal into one television transmission, thus violating the network's right to program continuity (the only instance I am aware of which authorizes this cannibalization is RATNET and that limited authority does not extend to Netlink). Thus, the proposal under consideration raises significant, complex legal problems and is likely to embroil the State and/or its local communities in expensive, protracted litigation.

Even if this proposal could survive legal scrutiny, since only one network program can be seen on one Mini-TV at one time, the present composite program

schedule of Anchorage affiliated stations carefully selected by RATNET committee representatives would be gone, and so would their local input and wisdom, not to mention program variety. Gone would be Alaska news, local news, local interest sports. Gone would be the beloved Alaskan dog races! This Alaska-oriented programming would be replaced by programming from some distant locale such as Denver. This is certainly not in the best interest of the Alaskan community. The unique and cherished variety of programming RATNET viewers have enjoyed for ten years would be eliminated, a gigantic step backward.

The report touches on a technical problem which I believe would be more serious than you realize. It is unlikely that satellites distributing Netlink-type programming, which have emphasis on CONUS distribution, would have enough power in their footprint to serve all of Alaska, much less every part of it satisfactorily. Even if their satellite signal was useful in Southern Alaska, it surely would be marginal, if that, in Northern and Western Alaska.

If, as the report suggests, switching from one Netlink program source to the other by the hour to access a variety of programming, who is to pay for the 248 Mini-TV switching activities?

Moreover, dismantling RATNET on the assumption that Netlink can provide replacement network programming takes the delivery of network programming to Alaskans out of the control of the State and places it in the hands (and fates) of these program distribution services. The RATNET system currently in existence has worked well for years and is tied to the established Alaska satellite delivery system. In contrast, if Alaska looks to Netlink for network programming, the continuation of service to Alaska is jeopardized. What if Netlink (or any other satellite service for that matter) goes bankrupt? What if Netlink - geared to distribution to the lower 48 states - switches satellites or makes other technical changes which modify the footprint of the satellite and eliminate service to portions of Alaska? Simply put, eliminating State involvement in the delivery of network programming through the existing RATNET system places continued service to Alaskans at great risk and has potentially grave consequences.

Finally, I also agree that a State system, such as the one in place, with every community linked for instant access, is vital for emergency communications, public safety, and future technologies such as Teletext transmission and other data. This has the potential for an invaluable service in emergencies such as disasters or wartime communications.

Section Five: If true, there is no doubt that a reduced tariff for a public broadcasting satellite feed of KAKM-TV, Anchorage, or other PBS material would save a lot of money over the present RATNET satellite distribution system. However, Alaska news, local news, public affairs and other programming would have to be produced to replace that which is now part of the RATNET schedule. This would substantially increase the costs, because news gathering and production is not cheap, and it's entirely free now.

It would be interesting to observe the rightful wrath of the rural community TV viewers, who have had ten years to enjoy network and Alaska news, sports and entertainment, to suddenly receive only PBS programming. It would fall on many legislative heads in Juneau, whose faces would not be present at roll call following the next election.

Section Six: Payment by Anchorage TV broadcasters for the Kenai Peninsula and Turnagain Arm/Girdwood microwave system maintenance. This was reviewed in a January 6, 1988 letter addressed to Ms. Mary Halloran, which included an alternative suggestion that has been used successfully in the Rocky Mountain region.

Section Seven: How in the world could a proposed Fairbanks "local entity" save the State money if the UAA FM and TV licenses were transferred to it? They also would have to be State funded, the same as existing public TV and radio stations throughout the State, because they can't sell commercials. This would be using State funds to do exactly the same thing but with different station ownership, and the University would lose their facility for critical and important academic purposes. Further, during the past two or three years the Anchorage University of Alaska system has invested money in a tower location consortium at Goose Bay, joining KAKM-TV, the public station, and KTUU-TV in a very expensive installation, because of their passion and desire to become licensed to operate a Channel 9 TV station to serve the Anchorage area! UAA Anchorage has a petition pending right now with the FCC to receive a channel assignment for Channel 9. Who is supposed to pay for that operation, especially in the face of existing budget restraints and State funding for the Public station here already, KAKM-TV on Channel 7? Has anyone in Juneau read Alice in Wonderland lately?

Section Eight: This section gets to the meat of a logical procedure to follow and a future solution to cost control, while retaining all the benefits of a tried and true existent system.

If the State acquired the 146 Alascom owned earth stations, it would pave the way for the best of all alternatives. Checking history, you will find that originally Alascom refused to fund or install small village earth stations. At that point the Legislature appropriated $5 million dollars and the first group of State-owned earth stations was acquired. Later, when the value of the stations was proven, Alascom began its own installations. However, it abrogated its original leadership opportunity, and has been trying to regain it ever since. Now there is an awkward mix of 102 State owned earth stations, and 146 owned by Alascom. With State ownership of the entire 248, not only would annual leasing costs of $0.9 million paid to Alascom be saved, but the State would be in a marvelous bargaining position with Alascom and with other satellite delivery vendors to solicit bids and improve uplink and downlink cost-effectiveness dramatically. In fact, I am not convinced that tariff restrictions prevent Alascom from making an effective and dramatic gesture to relieve the whole concern of how much it costs to provide RATNET TV programming to the entire State. Alascom's Aurora satellite is aging, and in a couple of

years it will have reached the end of projected life and will be replaced with another satellite. At present its capacity is not utilized fully - there is plenty of surplus capacity and no overloading. If Alascom were to take a substantial portion of its RATNET transponder bill and cancel it annually, taking the tax write-off, Alascom would achieve a significant public relations coup in the rural Alaskan communities, (which it is constantly trying to do by other means), and would have a cash-flow saving by means of the tax write-off. Another variant is the possibility of Alascom donating transponder time.

Alascom is obviously profitable enough to pull off such a public relations gesture, benefitting the State coffers, rural Alaskans and itself. Again, the best of all worlds for all concerned. These opportunities are not considered in the proposal and are worthy of serious consideration.

Conclusion: Weighing maximum flexibility of State ownership of the earth stations, with maximum service of complete system control - this combination has an overriding appeal. The so-called maximum saving which would result from dismantling the RATNET system and still providing some semblance of service to all of remote Alaska is a cruel illusion. Overall costs would multiply, not diminish, and the service inevitably would be fragmented, unsatisfactory, and probably illegal. Besides, who would pay for the fragmented service in the first place, after the great savings achieved by scuttling RATNET? And what about those smaller remote areas which would be relegated to the pre-1977 days of no TV service at all?

The instant proposals are fraught with difficulties. And the report - while a significant endeavor - is woefully inadequate to justify the dramatic changes contemplated. Substantial additional study - of the expense, technical difficulties (including comprehensive coverage), copyright obligations and the rights and expectations of rural Alaskans - is required before any changes should be made. Other options must be explored. Dismantling RATNET would be a critical mistake that the State and all Alaskans would have to live with for some time.

In your very fine and comprehensive report, an extremely significant benefit of the RATNET system was not addressed, and perhaps it is the most important one of all. This was the observation of Mr. Henry Hove, President of Northern Television, Inc.'s Fairbanks Division. While the RATNET TV programming distribution project costs real dollars, lots of them, there are important and proven social benefits to consider as well. A year or two after the original TVDP project began, a study was made that proved drinking and drunkenness at village bars had drastically reduced, because TV viewing occurred in the home. There are crime and law enforcement ramifications here too - common and well known problems in rural communities, wherein inclement weather, idleness, and boredom conspire to create mischief. Consider that much State and Federal money is spent to solve or control these social problems, and the cost versus benefit factor of the RATNET system might well be measured with a new and enlightened yardstick.

Why not accept the infinite wisdom gleaned long ago from the famous Amos and Andy radio show? Their earthy dictum was "don't mess with success".

Very truly yours,

NORTHERN TELEVISION, INC.

A. G. Hiebert
Chairman/CEO

klm
Attachments: ABC & CBS clippings

Wall Street Journal
P. 49
1-27-87

Capital Cities Sues Satellite Broadcast On Transmissions

By William Power
Staff Reporter of The Wall Street Journal

NEW YORK—Capital Cities/ABC Inc. went to court to block a company that recently began retransmitting network television shows to satellite-dish owners.

The federal court suit, filed against Satellite Broadcast Networks, Inc., reflects a growing concern in the broadcasting industry. At least two new companies have started or are considering starting to intercept all the programming broadcast by a station affiliate of each of the three networks, and retransmitting those shows by satellite to owners of satellite dishes.

The networks claim that the new companies are violating copyright law and are hurting the networks' local affiliates.

Satellite Broadcast, based in New York, announced in September a new service called PrimeTime 24, in which the company is rebroadcasting the signal of WABC-TV in New York; WBBM-TV, the CBS Inc. affiliate in Chicago; and WXIA-TV, the NBC affiliate in Atlanta. Satellite Broadcast says its service is geared to viewers who can't get one or more of the networks.

Meanwhile, NetLink USA, a Kirkland, Wash.-based company owned by cable-television operator Gordon Rock, has started retransmitting broadcasts from network affiliates in Denver to unserved cable markets. Mr. Rock said the company, which was not named in the suit, is considering broadcasting to satellite-dish owners, too, but only in unserved markets.

Satellite Broadcast plans to begin scrambling its signal March 1 and charging viewers $49.95 a year to receive it.

Part of the controversy involves the new companies' claims that they are cable systems, and thus are entitled to certain rights to rebroadcast network "feeds" to areas of the country that otherwise don't get them. ABC contends that Satellite Broadcast isn't a cable system.

More important, ABC argues in its lawsuit, if such companies are allowed to prosper they will threaten the relationship of the networks with their local affiliates. By standard agreement, each ABC network station has first call in its community for all ABC programming. But having ABC's New York station beamed into a city, for example, will unfairly compete with the local ABC station, the lawsuit claims.

In Western time zones, Satellite Broadcast's signal from New York could arrive two or three hours earlier than the local ABC station, the network complains.

Capital Cities' lawsuit seeks a preliminary injunction against Satellite Broadcast's retransmissions.

Katie Metzger, president of Satellite Broadcast, said she hadn't seen the lawsuit yet but called the legal action "clearly a case of harassment." She added that her company "provides network programming to people who don't get network programming. . . . We're fully within the law."

An ABC spokeswoman declined comment on the litigation, following company policy. However, the network is known to be concerned about heading off such companies as Satellite Broadcast, partly to appease local affiliates that may complain that the satellite signal is competing with their exclusive market.

CBS AFFILIATE RELATIONS



Rec'd 2/18/87

To: General Manager

The following announcement is being released to the press.

Regards,

Tom Leahy
President
CBS Television Network

The CBS Television Network Affiliates Association, Inc. and CBS Inc. today jointly filed a lawsuit against Satellite Broadcast Networks, Inc. (SBN) to prevent SBN's unauthorized retransmission of CBS broadcast signals to owners of home satellite dishes.

SBN is a New York based company which recently began to intercept the signal of CBS owned television station WBBM–TV, Chicago (and other stations) and to transmit the signal, by satellite, to dish owners across the country. SBN has said that it intends to scramble the WBBM signal and charge subscribing dish owners an annual fee for its reception.

In their lawsuit, filed in Federal District Court in New York City, CBS Inc. and the CBS Television Network Affiliates Association, Inc. assert that this unauthorized retransmission of copyrighted network and local programming is unlawful under the Copyright Act. They seek statutory damages and declaratory and injunctive relief.

"We believe that an enterprise designed to beam pirated network signals to local viewers undermines the longstanding national commitment to free local broadcasting," said Philip A. Jones, Chairman of the CBS Affiliates Advisory Board and Vice President and General Manager of KCTV, Kansas City, MO. "This is a significant issue for network affiliates which has tremendous impact on the value of our product," he said.

"We believe SBN's activities are a massive violation of the rights of copyright holders," said Thomas F. Leahy, President of the CBS Television Network. "CBS invests over a billion dollars a year in entertainment, sports and news programming. SBN invests nothing, and its attempt to get a 'free ride' on the Network's investment is outrageous," he said.

TELECOMMUNICATION INFORMATION COUNCIL

1st Annual Report

March 23, 1988

Box AD
Juneau, Alaska 99811

INTRODUCTION

Established by Chapter 53 SLA 1987, the Telecommunication Information council has met four times. The council has organized itself, selected required staff, and begun the planning process required by its enabling legislation.

ORGANIZATION

The Telecommunication Information Council is composed of the Commissioners, or alternate Deputy Commissioners, of all the principal executive branch departments, the President of the University of Alaska, the Executive Director of the Legislative Affairs Agency, and the Administrative Director of the Alaska Court System. The Governor chairs the council, with assistance from his Vice Chairman, Robert G. Poe, Deputy Commissioner, Department of Transportation and Public Facilities.

Principal professional and clerical staff assistance is provided by the Governor's Division of Policy. Each department and agency has also delegated a contact person to serve as that agency's staff representative during the planning process. No outside consultants are used.

The Telecommunication Information Council received no appropriation in FY 88 for operating costs. Resources for teleconferences, publication, meeting preparation, and clerical assistance are shared by each agency.

IMPLEMENTATION

The council must develop both short and long-range information systems plans for state government. Agencies are to develop their own information plans in accordance with the statewide plan. The council is also charged with developing guidelines for public access to state information.

Chapter 53 SLA 1987 defines the purpose of the Telecommunication Information Council:

> To develop and implement a cost-effective policy for managing the state's information and information technology resources in a comprehensive and coordinated manner so that state government may better serve the people of the state.

In order to reach this goal, the council has adopted a set of three objectives for it to strive toward. First, the council must develop a statewide telecommunication/information management plan. Second, the council shall establish those institutional arrangements for developing and implementing improved information management in Alaska. Third, the council will establish the information management policies and guidelines to implement the plan.

The complete work plan is attached to this report.

The need for this type of planning process has been amply demonstrated by the interest generated by the Telecommunication Information Council. Meetings are well attended. There are no lack of subjects waiting to be directed to the council's attention. The council has heard about the capacity limits of the state's mainframe computers; about the proliferation of mini-computers in agencies and their effects on the mainframe network; about the experiences of the Council on Northern Resource Information Management; and about other states' experiences with information resource managment.

CONCLUSION

The Telecommunication Information Council is moving step-by-step toward its goal of comprehensively managing the state's information resources. The council is optimistic that the next year will bring a completed state telecommunication/information plan to guide future information resource developments.

TELECOMMUNICATION INFORMATION COUNCIL

GOAL, OBJECTIVES AND WORK PLAN

Adopted February 2, 1988

GOAL

To develop and implement a cost-effective policy for managing the state's information and information technology resources in a comprehensive and coordinated manner so that state government may better serve the people of the state.

OBJECTIVE 1

Develop a statewide telecommunication/information management plan.

Task 1 Identify the state's information management resources (including human resources).

Task 2 Identify agency success factors as they relate to information management.

Task 3 Identify statewide and agency telecommunication/ information management shortcomings.

Task 4 Outline alternative solutions to meeting agency and statewide needs and solving shortcomings.

Task 5 Decide on solutions to be taken and set priorities for action.

Task 6 Monitor implementation, evaluate progress and make changes as necessary.

OBJECTIVE 2

Establish institutional arrangements for developing and implementing improved information management in Alaska.

Task 1 Identify opportunities for resource sharing and cooperative development of solutions.

Task 2 Define the roles of IRMEAC and the ISC in statewide information management.

Task 3 Obtain/assign resources to carry out/monitor the statewide plan.

OBJECTIVE 3

Establish information management policies and guidelines to implement the plan.

Task 1 Define at a statewide level the standards (requirements) that new telecommunication/information management systems should strive to address.

Task 2 Establish a policy and procedure for providing public access to state information systems.