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SENATE FINANCE COMMITTEE REPORT

DATE: 3/20/90

FURTHER:

DATE TURNED INTO OFFICE: 3/29/90

The Finance Committee considered

SB 485

"An Act relating to the Telecommunications Information Council and the provision of information services by the Department of Administration."

and recommended:

replace with _____ CS SB 485 (Finance)
 or adopt _____ CS _____

same title
 new title
 technical
title change
(HB only)

attached amendment(s)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

fiscal note(s) _____
DOA - Info Svcs 2.0 2/23/90

zero fiscal note(s) _____
DOA - Finance 2/20/90

appropriation-no fiscal note

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

[Signature]

OTHER RECOMMENDATIONS:

[Signature]
True Kears No Rec
[Signature] No Rec
Paul Trail No Rec
[Signature] (No Rec)
2. _____

1.

Co-Chairs: Signatures and Recommendations

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SB485 (SA) (a)
PUBLISH DATE: 3/20/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: Telecomm. Inf. Council/Mbrshp&Duties BRU: Information Services
Sponsor: Fahrenkamp Components: _____
Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	2.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.0	2.0	2.0	2.0	2.0	2.0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	2.0	2.0	2.0	2.0	2.0	2.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	2.0	2.0	2.0	2.0	2.0	2.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by Paul Monette, Director Phone .465-2220
Division: Information Services Date: 2/22/90
Approved by Commissioner: Frank S. Baxter Date: 2/23/90
Agency: Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Changes in CSSE 485 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 3/29/90

Department of Administration
Division of Information Services

SB 485 - - FISCAL NOTE

An Act Relating to the Telecommunications Information Council

No fiscal impact is predicted in FY 90.

The fiscal impact projected for FY 91 and beyond is for travel expenses associated with the appointment of a public member to the Telecommunications Information Council. A total of \$2.0 thousand would pay for 4 trips per year @ \$350.00 for air transportation and 2 days per diem. It is assumed that the travel expenses for the Legislative members appointed to the Council would be paid for by the Legislature.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: * see below BRU: Finance
 Sponsor: Fahrenkamp Components: _____
 Requestor: _____

* Telecommunications Information and the provision of information services by Department of Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact on the Division of Finance.

Any accounting service costs will be billed directly to the fund through the Reimbursable Services Agreement (RSA) process.

Prepared by: Keith Busch *Keith Busch* Phone: 465-2240
 Division: Finance Date: 2/20/90
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 2/20/90
 Agency: Department of Administration

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Changes in CSSB 485 (Fin) have no fiscal impact. This fiscal note is appropriate. 3/29/90 ml

Original sponsor(s): SEN. FAHRENKAMP

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 485 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Telecommunications Informa-
7 tion Council and the provision of information ser-
8 vices by the Department of Administration; and pro-
9 viding for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 44.19.502(b) is amended to read:

12 (b) The council is composed of the governor, the commissioner
13 from each principal department of the executive branch, the president
14 of the University of Alaska, [AND] the executive director of the
15 Legislative Affairs Agency, a member of the public appointed by the
16 governor, and one legislator from each house, appointed by the respec-
17 tive presiding officer. The legislators shall serve as nonvoting
18 members of the council. The public member appointed by the governor
19 may not have a direct financial interest in the information services
20 industry. The chief justice of the supreme court may appoint a member
21 to serve on the council. Each commissioner shall appoint a deputy
22 commissioner to serve as an alternate for the commissioner. The vice-
23 president of the University of Alaska shall serve as alternate for the
24 president.

25 * Sec. 2. AS 44.21 is amended by adding a new section to read:

26 Sec. 44.21.045. INFORMATION SERVICES FUND; CHARGES. (a) The
27 information services fund is established as an internal services fund
28 in the Department of Administration. The fund consists of money
29 appropriated to it, money transferred to the department by political

1 subdivisions and state agencies as reimbursement for information
2 services provided by the department, and the proceeds from the sale of
3 surplus or other assets of the department used for information ser-
4 vices.

5 (b) Money transferred to the department by a political subdi-
6 vision or state agency for information services for a fiscal year that
7 exceeds the cost of information services provided to the political
8 subdivision or state agency in that fiscal year constitutes program
9 receipts that are subject to the procedures of AS 37.07.080(h).

10 (c) Except as provided in (b) of this section, money in the fund
11 established under (a) of this section may be expended only in accor-
12 dance with legislative appropriations. Money appropriated to the fund
13 may be used for

14 (1) the costs of the Telecommunications Information Coun-
15 cil, including its costs of performing reviews and studies considered
16 necessary by the council;

17 (2) necessary expenses of providing information services to
18 political subdivisions and state agencies;

19 (3) additions, replacements, or improvement of capital
20 equipment for information services; requests by the department for
21 capital equipment expenditures shall be included in the budget submit-
22 ted by the governor to the legislature under AS 37.07; and

23 (4) other purposes as specified in an appropriation to the
24 fund.

25 (d) The department may charge and collect fees and surcharges
26 for information services provided by it to agencies and political
27 subdivisions of the state. The department shall maintain cost ac-
28 counting records to support rates and billings for information ser-
29 vices provided by the department. The department shall submit a

1 report on the operation of the fund to the governor and the legisla-
2 ture at the time of submission of the departmental budget.

3 (e) A state agency that receives information services from the
4 department shall include in its annual budget, as an identifiable
5 item, its expected fees and surcharges for information services pro-
6 vided by the Department of Administration.

7 (f) Fees and surcharges for information services of the depart-
8 ment are subject to annual review and approval by the Telecommunica-
9 tions Information Council.

10 (g) In this section, "information services" includes automatic
11 data processing services provided under AS 44.21.150 - 44.21.170 and
12 telecommunications services and operations described in AS 44.21.-
13 305 - 44.21.330.

14 * Sec. 3. AS 44.21.160(h) is repealed.

15 * Sec. 4. AS 44.21.045(e) and (f), enacted by sec. 2 of this Act, take
16 effect July 1, 1990.

17 * Sec. 5. Except as provided in sec. 4 of this Act, this Act takes
18 effect immediately under AS 01.10.070(c).

SUMMARY OF PROPOSED CS FOR SENATE BILL NO. 485

- * Section 1. No changes from CSSB 485(SA).
- * Section 2. The proposed substitute makes several changes to Sec. 44.21.045 as contained in CSSB 485(SA). Under subsection (a), in addition to the fund consisting of money appropriated to it and money transferred to the department for information services, it includes the proceeds from the sale of surplus or other assets of the department used for information services.

This wording was added to address concerns over the disposition of sale proceeds. Without specifically providing for the disposition, it is unclear as to where the money should go. The Working Capital Fund, for example, has this ambiguity. This would allow for the proceeds to be used, based on appropriation, to offset future equipment or other asset acquisition costs.

Under subsection (b), it is proposed that instead of excess money at the end of the fiscal year being transferred to an account in the general fund, that the excess money constitutes program receipts that are subject to the procedures of AS 37.07.080(h), the revised program process of the Legislative Budget and Audit Committee.

This provision, coupled with the appropriation language added to subsection (c), requires the department to go before the Legislative Budget and Audit Committee for any unbudgeted RSA money. Effectively, this gives the Legislature oversight of the revenue flow generated by the department for information services in excess of the budgeted amounts.

Subsection (c) adds the provision that except for the revised program process provided for in subsection (b), money in the fund may only be expended in accordance with legislative appropriation.

This language makes it clear that the department cannot use the money in the fund unless it is appropriated by the Legislature. Any "unappropriated" fund balance would be available to offset general fund budget requests for information services operations or capital equipment; or it could be appropriated for any other purpose specified by the Legislature.

The remainder of the proposed CS is the same as the bill that is now before the Finance Committee.

Alaska State Legislature

SB 485
file

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Senate

TO: Senator Rick Uehling
Senator John Binkley
Co-Chairs, Senate Finance Committee

FROM: Senator Bettye Fahrenkamp

DATE: March 21, 1990

SUBJECT: Senate Bill 485

In March, 1989, a legislative audit was released that, among other things, recommended that the Department of Administration needed to improve its accounting controls. The audit recommended establishing an internal service fund for all of its telecommunications services. "...now that DOA/Telcom is providing a centralized service to a number of agencies on a reimbursement basis, and generating revenues from that operation, different accounting treatment must be applied." It went on to enumerate the advantages of creating an ISF, including greater ease in costing and pricing services, the ability to accumulate resources for replacing fixed assets, and isolating interfund services so that governmental fund types do not display revenues and expenditures twice (once by the department furnishing the services, and once by the department receiving the services).

Our goal in this legislation is to do the following:

- 1) Through the Telecommunications Information Council, involve all state departments in establishing the rates to be charged for the use of computer, telephone and other services provided by the Division of Information Services;
- 2) Establish an ISF, into which interagency receipts will be deposited and separately accounted for, with an annual report to the governor and the legislature on monies received and expended to pay for the costs of providing services;
- 3) Give the legislature oversight of large capital equipment purchases and upgrades. These are currently being done mostly through lease-purchase arrangements paid for by interagency receipts. This bill requires that any money charged in excess of the cost to provide services will lapse to the general fund unless appropriated to the ISF. It also requires that the department must include in its budget proposal to the legislature any proposal to spend funds that are allowed to accumulate in the ISF.

With these multiple levels of oversight, establishment of the ISF should result in better management, better accounting, more involvement among other departments in the rates being charged for services they require, and an improved ability to plan for long range needs.

Sectional Analysis of SB 485

Section 1 expands the TIC by adding one more voting member, who is to be a public member who does not have any direct financial interest in the information services industry. The \$2,000 fiscal note from Department of Administration is for travel expenses for the new public member. It also adds two *non-voting* members, one each from the House and the Senate.

Section 2 creates the Information Services Fund, composed of money appropriated to it and money transferred to it by state agencies and political subdivisions to whom the department provides telecommunications and computer services.

Subsection (b) on page two states clearly that all money received shall be separately accounted for, and any money not used to pay the costs of providing information services *lapses back to the general fund* unless it is appropriated by the legislature back to the fund.

Subsection (c) allows the costs of the TIC to be paid from the fund, and also allows capital equipment purchases to be made from the fund, *as long as these purchases are included in the department's budget submitted by the governor to the legislature.*

Subsection (d) requires the department to keep records to support the rate it charges other entities for the services being provided. It requires the department to submit an annual report to the legislature and the governor.

Subsection (e) requires that agencies receiving services from the department shall include the costs of these services in their annual budgets.

Subsection (f) gives the Telecommunications Information Council the authority to review and approve the rates charged by the department for provision of services (e.g., the phone charges and charges for computer usage).

Subsection (g) defines information services as data processing and telecommunications services.

Section 3 repeals a provision made redundant by passage of this bill.

Sections 4 and 5 are the effective dates.

1990 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Division Information Services Bill Number SB 485

Bill Title TIC/Provision of Info. Services

Position Statement: Explain briefly what bill does, its impacts and Department's position, i.e. a) support, b) do not support, c) neutral or d) oppose.

This bill adds three members to the Telecommunications Information Council (TIC): a member of the public appointed by the governor; and one legislator from each house, appointed by the respective presiding officer. The legislators will serve as nonvoting members and the public member may not have a direct financial interest in the information services industry.

In addition, this bill establishes an internal service fund, named the Information Services Fund, in the Department of Administration and sets parameters for receipts into the fund and expenditures from the fund.

The Department supports this bill for the following reasons.

1) The Department encourages participation from the Legislature and the public regarding information and telecommunication plans and policies. Inclusion of representatives from both of these groups in the TIC will help to ensure that participation.

2) The Information Services Fund is viewed as being similar in function to the Highways Working Capital Fund and having similar benefits to the State: a) the linkages of information services revenues and expenditures in the Department of Administration will become visible; b) fees and surcharges for information services provided by the Department will undergo a thorough review and approval process by customers of the services; and, c) requests for services and the expenditure of funds to satisfy those requests, particularly for major hardware and software items identified in TIC-approved plans, will be clearly defined and visible in annual budget requests.

APPROVED:

Director Paul Monette Division Information Services

Signature Paul Monette Date 3/7/90

Commissioner Frank S. Baxter

Signature by Gary M. Bader Date 3/8/90

(For more information, call Sioux Plummer 465-2200)

A SPECIAL REPORT ON THE
DEPARTMENT OF ADMINISTRATION
DIVISION OF TELECOMMUNICATIONS
STATE VOICE TELEPHONE NETWORK

March 6, 1989

Audit Control Number

02-4325-89-S

Commissioner, Department of
Administration

John M. Andrews

Deputy Commissioners, Department
of Administration

Charles E. Taylor
James J. Fox

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Administration, Division of Telecommunications (DOA/Telcom) needs to improve accounting controls over the fiscal operations of its voice telephone network. The Department of Administration should establish an Internal Service Fund (ISF) for all of its telecommunications services, including its voice network.

As described earlier DOA/Telcom provides voice telephone network services to many (but not all) state agencies in the Juneau, Anchorage, and Fairbanks area. DOA/Telcom also provides data and video telecommunication services to state agencies.

Since the state network has been constructed over a number of years with annual appropriations from the general fund, it is not readily identifiable how much has been invested in the state's telecommunication network. The original accounting of the Division of Telecommunications' activities through the general fund was proper at the time. However, now that DOA/Telcom is providing a centralized service to a number of agencies on a reimbursement basis, and generating revenues from that operation, different accounting treatment must be applied. An ISF should be established to account for all telecommunication services provided by DOA/Telcom to user agencies including the voice telephone network.

The ISF classification should be used to account for the financing on a cost-reimbursement basis of services provided by one department or agency to other departments or agencies within the same governmental entity.

An ISF has the following advantages:

- Account for the total cost of the activity;
- Provide greater ease in costing and pricing services;
- Accumulate resources for replacing fixed assets;
- Combine certain governmental fund-type overhead costs so they can be redistributed to the benefiting programs; and,
- Isolate interfund services so that governmental fund types do not display revenues and expenditures related to interfund transactions twice within the same fund type (i.e., usually the general fund) - once by the department furnishing the services and once by the department receiving the services.

We recommend that DOA/Telcom perform the following:

1. Identify the investment in capital (fixed) assets used in all telecommunications services provided to user agencies (voice, data, and video). This includes the cost of microwaves, antennas, towers, tower site preparation, transportation costs to sites, buildings at tower sites, switch and related equipment, terminal and multiplex equipment, power supplies and plant charges, and any other equipment that is utilized in the origination, transmission, or recording of voice, data, or video traffic.

Once the investment (cost) in the equipment is identified, a determination should be made of the percentage of use that the equipment is utilized for each type of service provided, including voice telephone network traffic. (For example, 20% of utilization is dedicated to voice, 40% to data transmission, etc.) The calculated percentage of use should be applied to the identified investment in plant. This amount should then be "capitalized" and depreciated, through the ISF, over its estimated useful life. The calculated annual depreciation should be incorporated into the cost recovery calculations for user rate design.

2. DOA/Telcom should institute procedures to identify and capture the costs mentioned above for its property control system. In the past, transportation and personnel costs associated with microwave site installation or major repair have been expensed without a record maintained of the amount of expenditure by site. Since transportation and personnel costs often exceed the amount of the microwave or tower itself, these costs should be capitalized as part of the equipment and recorded as such on the property control system. These major installation costs should also be recovered from the user agencies by incorporating them into the user rate designs over the estimated useful life of the equipment.
3. Donated equipment that will be used in any form for the state voice telephone network should be recorded at its fair market value at the date of receipt. Presently, donated property is recorded into the property control system at a value of \$1.
4. DOA/Telcom should identify all employees who are associated in any capacity with the voice, data, and video network. This would include engineers, administrators, repair personnel, clerical, data processing, and accounting and billing functions. A percentage estimate of each employees time expended on each of the telecommunications services provided, including the

its operating budget. As part of the annual budget process, agencies submit to the Legislature their estimate of the revenues expected to be received by providing services to other state agencies. These estimated receipts are taken into consideration by the Legislature during its budget deliberations. Oftentimes RSA revenues are a significant part of the budget authorized by the Legislature.

For FY 88 the Legislature authorized a DOA/Telcom budget of approximately \$5.4 million. Included in that amount were a few budgeted RSAs. Except under unusual and unplanned circumstances when additional revenues become available outside the budget process this is the amount the Legislature intended to fund DOA/Telcom operations. However, during the fiscal year an additional \$2.7 million in unbudgeted RSAs were recorded by DOA/Telcom. This had the effect of increasing DOA/Telcom budget (and related expenditure authority) to \$8.1 million. Of that amount, DOA/Telcom lapsed approximately \$122,000, resulting in DOA/Telcom expending approximately \$2.5 million more than originally appropriated by the Legislature during the budget deliberations.

FY 89 is not much different. The authorized budget of \$5.6 million has been increased because of unbudgeted RSAs to \$7.7 million, an increase of \$2.1 million.

A majority of these unbudgeted RSAs result from agencies subscribing to the state voice telephone network.

Normally, the servicing agency party to an RSA will incur expenditures in providing the service it renders to the requesting agency. The RSA is the mechanism for the servicing agency to recover those costs. However, DOA/Telcom's stated position is that there are few, if any, costs for adding additional agencies to the voice network. Since in DOA/Telcom's opinion there are minimal, if any, costs associated with the voice network attributable to any one agency most, if not all, of the RSA can be construed as a "profit" to DOA/Telcom since there are no, or minimal, costs to recover. We would expect to see any amount above and beyond the costs associated with servicing an RSA to supplant the General Funds previously appropriated in the budget and see a similar amount lapsed to the General Fund for subsequent appropriation by the Legislature. However, as noted above this has not been the case. Those RSA funds in excess of cost to provide voice telephone service have been expended by DOA/Telcom. This indicates that DOA/Telcom either did not reveal its full costs of operation to the Legislature during the budget deliberations or that the expenditure of the RSA funds were for other programs or purposes which the Legislature did not intend for DOA/Telcom.

Additional errors noted in the CDR included instances of duplication of calls and incorrect costing of directory assistance calls. One extension detail CDR report correctly categorized and costed two public switched long distance calls, but then duplicated the two calls, with identical data in each field. A different CDR report identified an Alaska directory assistance call but costed it at \$2.76 for two minutes instead of the customary \$.60.

The effect of these classification and costing errors, many of which DOA/Telcom was unaware of, is that state network, public switched long-distance, and local traffic and their corresponding costs are under or overstated for the periods in question. DOA/Telcom should have the CDR software modified to ensure that the data collected classifies and costs calls correctly.

Recommendation No. 4

DOA/Telcom should have the CDR software modified to capture traffic and cost data using the correct parameters.

When the CDR was initially installed, it was programmed to cost public switched long-distance traffic using the parameters that American Telephone and Telegraph (AT&T) utilizes. These parameters are, in many respects, quite different than the parameters that the tariffed Alaskan intrastate long-distance company uses. While AT&T recognizes ten national holidays throughout the year and discounts its rates correspondingly, Alascom lowers its intrastate rates for only Christmas and New Year's Day. Alascom also begins its more expensive weekday day rate at 7 a.m., while AT&T's parameters have the day rate beginning at 8 a.m. The effect of these differing parameters is that CDR will calculate the cost of Alascom intrastate calls made on a holiday other than Christmas and New Year's Day or on a weekday beginning between 7 a.m. and 8 a.m. incorrectly. Any state network call made during those time periods will be compared to an incorrect, comparable Alascom cost with a corresponding incorrectly calculated network savings figure.

In order to calculate accurate network savings and displaced revenue totals, as well as ensure correct billings to user agencies, DOA/Telcom should modify the CDR software to reflect the correct parameters in place for Alascom's intrastate tariffs.

Recommendation No. 5

DOA/Telcom should either have its CDR software modified to capture call traffic and cost data for the telephone circuits leased to the University of Alaska's (UA) three main campuses or require that the campuses provide DOA/Telcom with compatible call detail traffic summaries.

affect CDR processing. In addition, DOA/Telcom should protect its CDR files under the ACF2 computer security system. This would permit access only by authorized individuals or programs.

Recommendation No. 7

DOA/Telcom should consider either eliminating all off-premise extensions (OPXs) in locations where a local exchange telephone company (LEC) provides service or establish a charge for all OPX usage of the state network. Regardless of choice, the CDR software should be modified to record all OPX traffic.

All calls made from OPXs tied to either the Anchorage or Fairbanks switch appear to the CDR as having originated where the switch is physically located. For state network calls, this means a call to Anchorage from an OPX physically located in Delta Junction but off the Fairbanks switch will appear on the CDR as a Fairbanks to Anchorage state network call. The charge will be the standard Fairbanks to Anchorage \$.35 per minute. This is also the case for calls between OPXs off different switches; they will be billed at the Fairbanks to Anchorage rate (see below for discussion of unbilled OPX calls "internal to the switch"). The same holds true for a non-State network intrastate (Alascom) call. If the same OPX in Delta Junction calls a non-State network location such as Barrow, the call is completed through Alascom, who sees the call as originating in Fairbanks and charges the Fairbanks to Barrow tariff, rather than the Delta Junction to Barrow tariff, possibly displacing revenues from the public switched network.

A number of OPXs' physical locations bear no logical relationship to the switch to which they are tied, and the agencies enjoy free long-distance calling because of it. The "E" Detachment of the Alaska State Troopers are physically located in Fairbanks, yet are tied to the Anchorage switch. This means that all calls to Anchorage and its surrounding extended area of service from "E" Detachment's Peger Road headquarters in Fairbanks are made without a charge to them as the CDR sees these calls as being local (Anchorage to Anchorage). Even though they are located only blocks away, the offices of the Department of Transportation and Public Facilities in Fairbanks must pay \$.35 per minute to call Anchorage since they are tied to the Fairbanks switch. FY 88 data showed that the "E" Detachment made 1,566 calls for a total of 5,275 minutes to non-State network Anchorage locations alone; this data does not include calls to Anchorage such as to the Department of Public Safety, as these calls are "internal to the switch" (see below). This free calling is inequitable as the public switched network does not receive any revenue, DOA/Telcom

the CDR output (from which the interagency billing is made) should be compared at regular intervals for the Fairbanks and Anchorage nodes. Total traffic and costs per the CDR should be within a pre-determined percentage of the Alascom totals, or a more detailed analysis should be performed (reviewing to the departmental, divisional, or even extension level.) This reconciliation should be done on a quarterly basis and will help in identifying CDR problems in a timely manner.

As Alascom bills individual agencies in the Juneau node, a sweeping reconciliation such as above is not possible. However, the same basic reconciliation should be performed on a smaller basis using test divisions or departments.