

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672
1554 SCOMM 58: HOUSE SPEC. COMM. ON TELECOMMUNICATIONS, 1987-1988

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)

<u>Lead Agency</u>	<u>Actions to be taken by review team:</u>
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

1	DEPARTMENT OF ADMINISTRATION (CONT.)		1
2		ALLOCATION	2
3		ITEMS	3
4	PERSONNEL (53 POSITIONS)	1,055,100	4
5	PRODUCTIVITY IMPROVEMENT CENTER (4 POSITIONS)	270,000	5
6	LABOR RELATIONS (11 POSITIONS)	663,400	6
7	FINANCE (40 POSITIONS)	2,304,500	7
8	PURCHASING (25 POSITIONS)	1,182,200	8
9	IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT,		9
10	WHEN APPROPRIATE, GIVE MAXIMUM CONSIDERATION TO THE		10
11	CORRECTIVE INDUSTRIES PROGRAM BEFORE OUT OF STATE		11
12	PURCHASES ARE MADE.		12
13	PROPERTY MANAGEMENT (8 POSITIONS)	349,500	13
14	CENTRAL DUPLICATING AND MAIL (29 POSITIONS)	2,028,300	14
15	ARCHIVES (10 POSITIONS)	466,400	15
16	RETIREMENT AND BENEFITS (64 POSITIONS)	4,068,000	16
17	RETIREMENT INCENTIVE OPERATIONS	133,000	17
18	LABOR RELATIONS AGENCY	68,600	18
19	RAILROAD LABOR RELATIONS AGENCY	88,000	19
20	ALASKA PUBLIC OFFICES COMMISSION (10 POSITIONS)	533,500	20
21	RISK MANAGEMENT (7 POSITIONS)	22,124,000	21
22	INFORMATION RESOURCE MANAGEMENT	19,199,600	22
23	INFORMATION RESOURCE MANAGEMENT (58 POSITIONS)	11,632,700	23
24	TELECOMMUNICATIONS OPERATIONS (50 POSITIONS)	4,919,600	24
25	RURAL ALASKA TELEVISION NETWORK (6 POSITIONS)	2,647,300	25
26	IT IS THE INTENT OF THE LEGISLATURE THAT THE DIVISION OF		26
27	TELECOMMUNICATIONS, THE HOUSE SPECIAL COMMITTEE ON		27
Chapter 95		PAGE 16	CCSNB79

1	DEPARTMENT OF ADMINISTRATION (CONT.)		1
2		ALLOCATION	2
3		ITEMS	3
4	TELECOMMUNICATIONS, ALASKA PUBLIC BROADCASTING		4
5	COMMISSION, AND OFFICE OF MANAGEMENT AND BUDGET JOINTLY		5
6	REVIEW THE RURAL ALASKA TELEVISION NETWORK AND ALASKA		6
7	PUBLIC TELEVISION SYSTEM IN AN EFFORT TO IDENTIFY COST		7
8	EFFICIENCIES THAT MAY BE INCORPORATED INTO THE FY89		8
9	BUDGET. THE REVIEW TEAM SHOULD COORDINATE ITS EFFORTS		9
10	WITH THE RATHET BOARD AND THE CORPORATION FOR PUBLIC		10
11	BROADCASTING. THE DIVISION SHALL PRESENT A REPORT OF		11
12	ITS FINDINGS AND RECOMMENDATIONS TO THE LEGISLATURE NO		12
13	LATER THAN JANUARY 30, 1990.		13
14	IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT THE		14
15	REVIEW TEAM TAKE THE FOLLOWING ACTIONS:		15
16	1. ONE SHALL ENTER INTO NEGOTIATIONS WITH ALASCOM IN AN		16
17	ATTEMPT TO REDUCE LEASING COSTS ASSOCIATED WITH THE		17
18	RATHET AND SOUTHEAST MICROWAVE SYSTEM.		18
19	2. CLARIFY OWNERSHIP AND MAINTENANCE OBLIGATIONS OF ALL		19
20	EARTH STATIONS AND RELATED EQUIPMENT COMPRISING THE		20
21	RATHET SYSTEM.		21
22	3. REVIEW THE RAMIFICATIONS OF TRANSFERRING FCC		22
23	LICENSES FOR STATE-OWNED LOW POWER TELEVISION		23
24	TRANSMITTERS NOT CURRENTLY IN USE TO LOCAL ENTITIES, OF		24
25	CONSOLIDATING AND TRANSFERRING THE LICENSES TO A PRIVATE		25
26	NON-PROFIT ENTITY, AND OF CONSOLIDATING AND RETAINING		26
27	THE LICENSES UNDER STATE OWNERSHIP.		27
Chapter 95		PAGE 17	CCSNB79

1 DEPARTMENT OF ADMINISTRATION (CONT.)
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3
4 BROADCASTING COMMISSION FOR KAC-10/PM AT THE UNIVERSITY
5 OF ALASKA, FAIRBANKS.
6 IT IS THE INTENT OF THE LEGISLATURE THAT THE DIVISION OF
7 TELECOMMUNICATIONS, THE HOUSE SPECIAL COMMITTEE ON
8 TELECOMMUNICATIONS, ALASKA PUBLIC BROADCASTING
9 COMMISSION, AND OFFICE OF MANAGEMENT AND BUDGET JOINTLY
10 REVIEW THE GREAT ALASKA TELEVISION NETWORK AND ALASKA
11 PUBLIC TELEVISION SYSTEM IN AN EFFORT TO IDENTIFY COST
12 EFFICIENCIES THAT MAY BE INCORPORATED INTO THE PBS
13 SYSTEM. THE REVIEW TEAM SHOULD COORDINATE ITS EFFORTS
14 WITH THE BUREAU OF THE COMMISSION FOR PUBLIC
15 BROADCASTING. THE DIVISION SHALL PRESENT A REPORT OF
16 ITS FINDINGS AND RECOMMENDATIONS TO THE LEGISLATURE NO
17 LATER THAN JANUARY 30, 1968.
18 IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT THE
19 REVIEW TEAM TAKE THE FOLLOWING ACTIONS:
20 1. AND SHALL ENTER INTO NEGOTIATIONS WITH ALASKA IN AN
21 ATTEMPT TO SECURE LEASING COSTS ASSOCIATED WITH THE
22 CABLE AND SATELLITE MICROWAVE SYSTEMS.
23 2. CLARIFY OWNERSHIP AND MAINTENANCE OBLIGATIONS OF ALL
24 CABLE STATIONS AND RELATED EQUIPMENT COMPOSING THE
25 CABLE SYSTEM.
26 3. REVIEW THE APPLICATIONS OF TRANSFERING FCC
27 LICENSES FOR STATE-OWNED LOW POWER TELEVISION

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ALLOCATION
ITEMS
APPROPRIATION
GENERAL FUND
OTHER FUNDS
APPROPRIATION FUND SOURCES

1 DEPARTMENT OF ADMINISTRATION (CONT.)
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4 4. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR
5 COMMUNITIES TO INCORPORATE TELEVISION INTO THE USE OF
6 RECEIVING COMMERCIAL TELEVISION THROUGH THE USE OF
7 STATE-OWNED LOW POWER TELEVISION TRANSMITTERS NOT
8 CURRENTLY IN USE.
9 5. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR
10 COMMUNITIES TO RECEIVE PUBLIC BROADCASTING PROGRAMS
11 THROUGH THE USE OF CABLE TRANSMITTERS. REVIEW
12 COMMERCIAL NETWORK SYNDICATED PROGRAMMING THAT COULD BE
13 TRANSMITTED OVER THIS SYSTEM WITHOUT JEOPARDIZING
14 NON-FACILED LEASING RATES, AND DETERMINE THE COSTS OF
15 THE PROGRAMMING. COORDINATE WITH THE UNIVERSITY OF
16 ALASKA AND THE DEPARTMENT OF EDUCATION TO DETERMINE A
17 COST-EFFECTIVE AND INCREMENTAL MEANS OF BROADCASTING
18 EDUCATIONAL PROGRAMS OVER THE SYSTEM.
19 6. NEGOTIATE WITH THOSE COMMERCIAL TELEVISION STATIONS
20 THAT TRANSMIT PROGRAMS THROUGH THE SOUTHERN
21 MICROWAVE SYSTEM IN AN ATTEMPT TO HAVE THE STATIONS
22 DEFRAY THE COST TO THE STATE OF BROADCASTING THE
23 PROGRAMS.
24 7. THE BUREAU SHALL UTILIZE TELECOMMUNICATIONS
25 WHENEVER POSSIBLE TO REDUCE TRAVEL COSTS.
26 PUBLIC BROADCASTING COMMISSION
27 THE SUM OF \$546,624 IS APPROPRIATED TO THE ALASKA PUBLIC

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ALLOCATION
ITEMS
APPROPRIATION
GENERAL FUND
OTHER FUNDS
APPROPRIATION FUND SOURCES

6,639,000
6,639,000

ADMINISTRATION (6 POSITIONS)

561,500

15,561,900

31,952,200

1,569,700

- 1 DEPARTMENT OF ADMINISTRATION (CONT.)
- 2
- 3
- 4 7. REVIEW THE POSSIBILITY OF ESTABLISHING A
- 5 COMMUNITY-BASED ORGANIZATION TO OPERATE 24-HR/PM.
- 6 THE COMMISSION SHALL UTILIZE TELECOMMUNICATIONS WHENEVER
- 7 POSSIBLE TO REDUCE TRAVEL COSTS.
- 8 IT IS THE INTENT OF THE LEGISLATURE THAT THE PUBLIC
- 9 BROADCASTING COMMISSION ADOPT GUIDELINES FOR THE
- 10 ALLOCATION OF GRANTS TO PREVENT CLOSURE OF ANY EXISTING
- 11 PUBLIC RADIO STATIONS. BUDGET REQUESTS ARE TO BE
- 12 DISTRIBUTED TO INSURE THIS INTENT.
- 13 THE COMMISSION SHALL ASSIST EACH - LAND POINT IN
- 14 OBTAINING A LICENSE TO INCREASE POWER.
- 15 IT IS THE INTENT OF THE LEGISLATURE THAT THE DEPARTMENT
- 16 OF ADMINISTRATION PROVIDE STAFF SUPPORT FOR THE ALASKA
- 17 PUBLIC BROADCASTING COMMISSION. TO THE EXTENT THAT
- 18 INDEPENDENT STAFF IS DEEMED NECESSARY, THE COMMISSION,
- 19 AFTER CONSULTATION WITH ALL GRANTEES, MAY REDUCE GRANT
- 20 FUNDS TO PROVIDE FOR LIMITED STAFF SUPPORT.
- 21 INCLUDED IN THE GRANTS LINE ITEM IS \$65,000 FOR
- 22 OPERATION OF ETV GATEWAY FOR FISCAL YEAR 1990.
- 23 INCLUDED IN THE GRANTS LINE ITEM IS \$6,000 FOR
- 24 COMPLETION OF THE ETV GATEWAY TRANSMITTER LINK.
- 25 LEASING AND FACILITIES
- 26

DEPARTMENT OF ADMINISTRATION (CONT.)

ALLOCATIONS

APPROPRIATION

ITEMS

GENERAL FUND

OTHER FUNDS

- 1
- 2
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- 4 TRANSMITTERS NOT CURRENTLY IN USE IN LOCAL ENTITIES. OF
- 5 CONSOLIDATION AND TRANSFERRING THE LICENSE TO A PRIVATE
- 6 NON-PROFIT ENTITY, AND OF CONSULTATION AND OBTAINING
- 7 THE LICENSE UNDER STATE OWNERSHIP.
- 8 4. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR
- 9 COMMUNITIES TO INDEPENDENTLY RECEIVE AND PAY FOR
- 10 RECEIVING COMMERCIAL TELEVISION THROUGH THE USE OF
- 11 STATE-OWNED LOW POWER TELEVISION TRANSMITTERS NOT
- 12 CURRENTLY IN USE.
- 13 3. REVIEW ALTERNATIVES AND ASSOCIATED COSTS FOR
- 14 COMMUNITIES TO RECEIVE PUBLIC BROADCASTING PROGRAMMING
- 15 THROUGH THE USE OF EXISTING TRANSMITTERS. REVIEW
- 16 COMMERCIAL NETWORK SYNDICATED PROGRAMS THAT COULD BE
- 17 TRANSMITTED OVER THIS SYSTEM WITHOUT APPROPRIATING
- 18 NON-TAPPED LEASING RATES, AND DETERMINE THE COSTS OF
- 19 THE PROGRAMMING. COORDINATE WITH THE UNIVERSITY OF
- 20 ALASKA AND THE DEPARTMENT OF EDUCATION TO DETERMINE A
- 21 COST-EFFICIENT AND INDEPENDENT MEANS OF BROADCASTING
- 22 EDUCATIONAL PROGRAMS OVER THE SYSTEM.
- 23 2. NEGOTIATE WITH EXISTING COMMERCIAL TELEVISION STATIONS
- 24 THAT TRANSMIT PROGRAMS THROUGH THE GATEWAY
- 25 MICROWAVE SYSTEM IN AN ATTEMPT TO HAVE THE STATIONS
- 26 DEFRAY THE COST TO THE STATE OF BROADCASTING THE
- 27 PROGRAMS.

APPENDIX C

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

DIVISION OF POLICY

January 20, 1988

STEVE COWPER, GOVERNOR

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

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 Telecommunications 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?

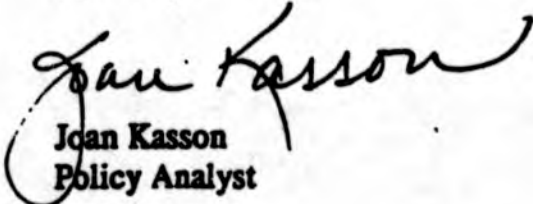
A check of the legislative language and legislative history of the Public Broadcasting Act of 1967 indicates that there was no linkage of "excess capacity" with the section calling for free or reduced rates for public broadcasting. Mr. John Witherspoon, who served as a consultant to the review team, 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 liability.

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
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

George Shaginaw
Executive Vice President
& General Manager

OFFICE OF
MANAGEMENT & BUDGET

JAN 11 1988

ALASCOM

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 severely 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.

Ms. Joan M. Kasson

Page 2

January 8, 1988

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.

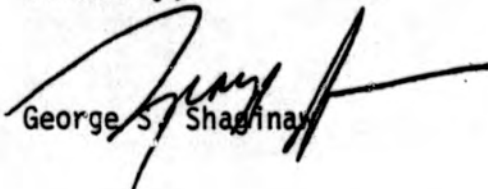
In your December 11, 1987 letter, you discuss the FCC's intent that encourages common carriers to charge reduced rates for noncommercial broadcasting. It is our understanding that the intent of the referenced FCC order was to encourage common carriers to offer excess or "remaining" capacity to educational 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.

Ms. Joan M. Kasson
Page 3
January 8, 1988

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. Shaginay

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) 465-3588

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

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
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	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

Option B - Second Year Subtotal:

308,554

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	3,065	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

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
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11-Dec-87

ASSUMPTIONS:

General:

Earth Station Purchase & Install. (Each):	17,000
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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:	7,425
(Net of Install. & Freight)	
Annual Depreciation:	10.0%
Annual Unit Depreciation:	743

	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

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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 * -
Accelerated Installation

(State Purchase Of Earth Stations/Alascom System Costs)

	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

	<u>FY89*</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>
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
	<u>2,433,261</u>	<u>1,621,572</u>	<u>1,621,572</u>	<u>1,621,572</u>	<u>1,621,572</u>	<u>1,621,572</u>

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.)

	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>
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 LFTV's collocated in Alascom facilities. Assumption in the table is that maintenance would remain the same as status quo.

George Shaglinaw
Executive Vice President
& General Manager

April 16, 1987

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.



OFFICE OF
MANAGEMENT & BUDGET

NOV 30 1987

STRATEGIC PLANNING

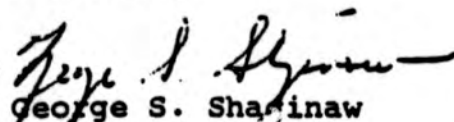
Commissioner Gary Peska
April 16, 1987
Page Two

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 be 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 <i>NO BT</i>	6,381	1	6,381	76,572
Juneau Uplink <i>NO BT</i>	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 <i>NO BT</i>	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.

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

ANNUAL CHARGES				
DESCRIPTION	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%

ANNUAL CHARGES				
DESCRIPTION	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	WAINWRIGHT	6,547.42	59
ANDLER	2,076.42	19	HUGHES	5,774.08	52	PEDRO BAY	6,553.06	59
EMMONAK	2,076.42	19	RED DEVIL	5,822.18	52	PORT ALSWORTH	6,553.06	59
ST MARYS	5,548.26	50	GAMDEL	5,855.48	53	NEW STUYAHOK	6,558.76	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	ELIN	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	CHEFORMAK	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
NINTO	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	EKNOK	6,751.20	61
MUIQSUT	5,663.04	51	MANLEY	6,506.92	59	AKUTAN	6,766.00	61
LARSEN BAY	5,666.74	51	ILLIAMMA	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	SHISHNAREF	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	AKHIK	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	8,328.09	75
SELAWIK	5,718.54	51	OUZINKIE	6,521.72	59	CHIGNIK LAKE	8,494.54	76
MT VILLAGE	5,722.24	52	KNIGILLINGOK	6,525.42	59	KOTZEBUE UPLINK	8,578.86	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
						ATNAUTLUAK	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	Glenmallen	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	Nak-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	Tanara		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

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!

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

Photography by West Stock



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 IR. 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 statement 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 5802 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: _____

<u>DESCRAMBLER NO.</u>	<u>SERVICES AUTHORIZED</u>					
	ABC KUSA	CBS KMGH	NBC KCNC	PBS KRMA	IND KQVR	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:

<u>SERVICE</u>	<u>NORMAL FEE</u>	<u>CHARTER CUSTOMER</u>	<u>CHARTER CUSTOMER</u>
		1987	After 1987
KUSA (ABC-DENVER)	.30	.24	.27
KMGH (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

<u>EARTH STATION SITE</u> (From Schedule A)	<u>AUTHORIZED SERVICE</u>						<u>RATE</u>	<u>SUBS.</u>	<u>MO. FEE</u>	<u>ANN. PREPAY</u>
	KUSA	KMGH	KONC	KPWA	KDVR	KSPN	(Sched. B)	(For Site. -see Schedule B for formula)	(Greater of \$75 or Rate X Subs.)	(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	<u>2,000*</u>

Total Purchase Costs	\$ 9,425**
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Average Installation Costs	<u>\$ 7,575***</u>
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TOTAL COST ESTIMATE	\$17,000
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* 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.

APPENDIX H

Alaskan Communities with TVP - No Commercial or Cable TV

Akhiok	Hollis	Ouzinkie
Akutan	Holy Cross	Pedro Bay
Aleknagik	Hughes	Pelican
Allakaket	Huslia	Perryville
Ambler	Iliamna	Pilot Point
Aniak	Ivanoff Bay	Pitkas Point
Anvik	Kalskag	Point Baker
Arctic Village	Kaltag	Port Alice
Atka	Karluck	Port Alsworth
Atmautluak	Kasaan	Port Graham
Beaver	King Cove	Port Heiden
Bettles	King Mountain	Port Moller
Birch Creek	Kluckwan	Portage Crk.(via Dlg.)
Brevig Mission	Kobuk	Rampart
Cantwell	Kokhonak	Red Devil
Cape Pole	Kolignek	Rowan Bay
Central	Kongiganak	Ruby
Chalkytsik	Koyuk	Russian Mission
Chefornak	Koyukuk	Sand Point
Chignik	Kwethluk	St. George
Chignik Lagoon	Kwigillingok	St. Paul
Chignik Lake	Labouchre Bay	Scammon Bay
Chikaloon?	Lake Louise(via trans)	Shageluk
Chistochina	Larsen Bay	Shaktoolik
Chitina	Levelock	Sheep Mountain
Chuathbaluk	Lime Village	Sheldon Point
Circle	Long Island	Slana
Circle Hot Springs	Lower Kalskag	Sleetmute
Clark's Pt.(via trans)	Manley Hot Springs	Sparrevohn ?
Coffman Cove	Marshall	Stevens Village
Cold Bay	McGrath	Stoney River
Cooper Landing?	McKinley Park ?	Takotna
Corner Bay(via trans)	Mekoryuk	Tanunak
Council	Mentasta Lake	Tatitlek
Crooked Creek	Meyers Chuck	Tanana
Diomede	Minchumina	Telida
Dutch Hbr.(via trans)	Minto	Tazlina
Eagle(via trans)	Mosquito Lake	Teller
Eagle Village	Napaskiak	Tenakee Springs
Eek	Naukati Bay	Tetlin
Egegik	Nelson Lagoon	Tin City
Eight Fathom Bight	New Stuyahok	Tolsona
Ekuk	New Halen	Trapper's Creek
Ekwok	Newtok	Tuluksak
English Bay	Nightmute	Tuntutuliak
False Pass	Nikolski	Twin Hills
Freshwater Bay	Noatak	Tyee ?
Golovin	Nondalton	Venetie
Goodnews Bay	Noorvik	Wales
Graylina	Northway	Whale Pass
Gustavus	Nulato	White Mountain
Halibut Cove	Old Harbor	Whittier
Hobart	Oscarville(via Bethel)	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, § 23-501 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 TSITA 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 45 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 denial 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. WAFLER, Secretary.

AUGUST 13, 1970.

MR. JOHN W. MACY, Jr.,
President,
Corporation for Public Broadcasting,
288 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. HUTSER

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.

31 F.C.C. 2d

APPENDIX J



September 2, 1987

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

RECEIVED
SEP 1 1987

ALASKA PUBLIC
BROADCASTING COMMISSION

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.

	<u>Current CSG \$</u>	<u>Current CSG Factor</u>	<u>Current Nat'l Expenses*</u>
KAKM	475,283	0.00439868	\$ 364,572
KTOO	406,019	0.00375765	307,451
KUAC	388,963	0.00359980	297,708
KYUK	<u>351,701</u>	<u>0.00325495</u>	<u>272,642</u>
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.



Mr. Jerry Brigham
September 2, 1987
Page Two

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,

A handwritten signature in cursive script, appearing to read "Lance".

Lance W. Ozier
Vice President
Program Administration
and Information

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



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,

A handwritten signature in cursive script, appearing to read 'Lance'.

Lance W. Ozier
Vice President
Program Administration
and Information

Enclosures

RECEIVED
SEP 10 1987

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 program 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) for 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 organization 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 portion of the community, the signals were from out-of-state stations, were technically inferior and unreliable, and could not be regarded as an adequate public television service for the community. By consensus the Committee concluded that a proper interpretation and application 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) 485-3568

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

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