

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902

1766 HLC : HB 165

A

B

16

5

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

2/17/81

(5)

Date: _____

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 165

"An Act creating the public utility revolving loan fund; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 165 (290) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

TO: MEMBERS OF THE HOUSE LABOR AND COMMERCE COMMITTEE

REGARDING: HB 161

FROM: Joseph Merrill, Ph.D, CPA
Vice President - RAI Public Utilities
Consultants, Inc., Anchorage

Below is a brief summary of why we feel a bill supporting a Public Utilities Revolving Loan Fund is necessary - that is, the problems that such a bill can help resolve -

1. Public utilities are regulated as to the rate of return they are allowed to earn. When the regulated rate is less than the interest rate a utility is required to pay for construction, the result is obvious - no construction.
2. Most rural telephone systems in Alaska have obtained their construction funds from the federal REA program at interest rates of 2% - 5%. However, the process is slow and recently doubts have arisen as to the reliability of the long-term aspects of that program. Because of the delays in dealing with Washington, construction seasons are missed, costs increase and the nature of the program makes interim (short-term) financing difficult, if not impossible.
3. The type of collateral offered by a utility makes potential lenders leery. For example, who wants to repossess 30 miles of underground telephone cable?
4. When a utility is organized as a co-op, requiring co-signers on a bank note is not relevant, resulting in a hesitancy to loan on the part of many lenders.
5. Short construction seasons, barged freight, etc., make delays of a few weeks, delays of a year in practice.
6. An example of the effect of differing interest rates is given below. Assume a \$1,000,000 loan and 200 telephone subscribers, with a 30 year loan amortization schedule.

Continued on Page 2

<u>Interest Rate</u>	<u>Total annual payment to amortize loan</u>	<u>Monthly amount per subscriber</u>
5%	\$ 65,000	\$27.08
8%	38,800	37.00
10%	106,000	44.16
15%	152,300	63.45
20%	200,800	83.66

A state program designed to resolve these types of problems should incorporate the following features:

- 1 - An awareness of the common aspects of all utilities as well as the unique aspects of each type (i.e. telephone, power, etc.).
- 2 - A process whereby construction - period funding can be handled more speedily than permanent long-term financing, yet deal with both.
- 3 - Distinctions between co-ops and privately owned corporations.
- 4 - The recognition of the unique collateral and equity circumstances of utilities.
- 5 - An awareness of the need for loans at interest rates well below the rate of return permitted under regulated circumstances.

Accordingly, we would recommend that the program be administered and serviced through banks with a minimum amount of their direct participation and be governed by a special board under the Department of Commerce and consisting of -

- A banker (of a participating bank).
- A lawyer.
- An accountant and finance person.
- A representative from the public utilities commission.
- An engineer of the specialty of the type of utility applying for the loan.
- A public representative.
- A representative of the Department of Commerce.

These brief notes are not meant to be comprehensive explanations but rather to highlight the aspect of an ideal bill.

Our firm is representing the support of such a bill by the Alaska Telephone Association, and our clients.

WORK ORDER REQUEST FORM

142- 135

KEYWORDS: _____

ASSIGNED TO _____

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT _____

REQUESTED FOR _____ BY _____ EXT. _____

* DELIVER TO _____ TAKEN BY _____

INSTRUCTIONS, EXPLANATIONS _____

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

_____ TO REQUESTER

APPROVED: _____ Director, Legal Services

REVIEWED _____

IN 4/8 DUE _____

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT

FINAL

FROM THE DESK OF .

Jackie N. Dukes

Ken

This analysis is comparison
of total payback assuming
ten consecutive loans (one per year)
of \$600,000 each, 20 year life,
using 5% and 12% cost of
money.

If you need more data,

let me know.

Jackie

MAIL
NEXT DAY SERVICE

POST OFFICE TO ADDRESSEE



FROM:

Customer Number, if any:

TO:
Capitol Bld Room 409
Pouch V
Indian AF 99511

ORIGIN:	
Initials of Receiving Clerk:	57
P.O. ZIP	07641
Date in	15/11/79
Time in	11:01
Weight	1.05
Postage	710

B 35634498

DESTINATION:	
Date of Delivery:	5/12
Time of Delivery:	3:25
Initials of Delivering Employee:	JA
Signature of Addressee or Agent: <i>[Signature]</i>	
DELIVERY WAS ATTEMPTED	
Date	Time:
Notice Left By:	

TO REMOVE PEEL BACK HERE

EXPRESS MAIL SERVICE

LABEL 11B JUNE 79 U.S.G.P.O. 1979-300-285

all 79

Date

Initials

Date

Prepared By

Approved By

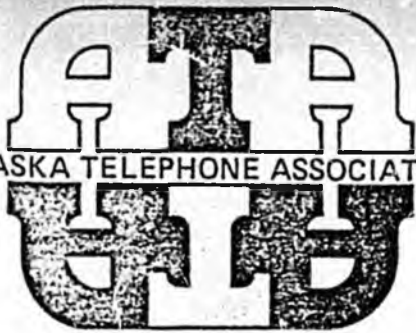
12% Loan

	CUMULATIVE Balance	PAYMENT Amounts
1	60000.00	-
2	11916727	803273
3	17740189	1606546
4	23459194	2409819
5	29061207	3213092
6	34532189	4016365
7	39856416	4819638
8	45016278	5622911
9	49992051	6426184
10	54761644	7229457
11	53300315	8032730
12	51663627	8032730
13	49830536	8032730
14	47777474	8032730
15	45478044	8032730
16	42902682	8032730
17	40018277	8032730
18	36787743	8032730
19	33169544	8032730
20	29117161	8032730
21	24578492	8032730
22	20298455	7229457
23	16308086	6426184
24	12642145	5622911
25	9339564	4819638
26	6443946	4016365
27	4009126	3213092
28	274800	2409819
29	717228	1606546
30	-0-	803273
31		
32		
33		
34		160654600
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		

160654600

MTA
 Loan Repayment Schedules
 Years as shown

End of year	5% Loan		
	Amounts Borrowed ANNUALY	CUMULATIVE Balance	PAYMENT Amounts
# 1	6000000	6000000	-
2	6000000	11 818 544	1 456
3	6000000	17 446 560	2 912
4	6000000	22 874 522	14 443 68
5	6000000	28 092 427	19 25 824
6	6000000	33 089 772	24 07 280
7	6000000	37 855 529	28 88 736
8	6000000	42 37 8118	33 70 192
9	6000000	46 63 5381	38 51 648
10	6000000	51 64 4552	43 33 104
11	- 0 -	48 36 2226	48 14 560
12		45 96 5784	48 14 560
13		43 49 520	48 14 560
14		40 80 7442	48 14 560
15		38 03 260	48 14 560
16		35 12 0369	48 14 560
17		32 06 1833	48 14 560
18		28 85 0370	48 14 560
19		25 47 8334	48 14 560
20		21 93 7676	48 14 560
21		18 22 0226	48 14 560
22		14 79 728	43 33 104
23		11 68 6180	38 51 648
24		8 90 0300	33 70 192
25		6 45 6581	28 88 736
26		4 37 2131	24 07 280
27		2 66 4914	19 25 824
28		1 35 3792	14 44 368
29		458 569	9 62 912
30		- 0 -	48 14 56
31		- 0 -	- 0 -
Totals			96 29 200



ALASKA TELEPHONE ASSOCIATION 3400 LaTouche • Suite 201 • Anchorage, Alaska 99504 (907) 276-3293

Gordon Parker
Executive Director

March 25, 1981

Honorable Vern Hurlbert
Alaska State House
Pouch V
Juneau, Alaska 99811

Dear Representative Hurlbert:

At the request of Ken Spray, I have compiled a set of figures to demonstrate the possible loss of revenue caused by cuts in REA funding. It is still unclear how deep the cuts will go, therefore these figures represent the worst possible damage. They consist of dollars applied for but not yet approved and approved but not received. In other words, the figures include all money which could be lost.

United Utilities, Inc.	26.4 million
Cordova Telephone Cooperative	3.45
OTZ Telephone Cooperative, Inc.	3.74
Interior Telephone Company, Inc.	2.2
Matanuska Telephone Association	16.0
Nushagak Telephone Cooperative, Inc.	.3
Bush-Tell, Inc.	5.0

We appreciate your assistance with this problem. I plan to be in Juneau on April 7 and hope to discuss it further with you. If you need any assistance before then, I am available at any time.

Sincerely yours,


Gordon Parker

GP/jv



Official Business

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

CSHB 165 (Labor & Commerce)

Dear Mr. Speaker:

Your committee on Labor and Commerce has had under consideration HB 165, " An act creating the public utility revolving loan fund; and providing for an effective date."

We have approved a committee substitute that still addresses the intention of the original legislation: that is, to create a revolving loan fund for public telecommunications.

During public testimony the committee was convinced that administration of the fund should be on a priority basis so those public telecommunications utilities desiring to expand services to unserved areas would be given a priority.

The committee believes such priority would best serve the rural areas of the state that are in desperate need of a communications system and this in turn would best serve the state as a whole.

Respectively submitted

A handwritten signature in cursive script, reading "Vern Hurlbert".

Rep. Vern Hurlbert
Chairman

MSG 81-00015965 PRTY 1 05/08/81 16:12:03 ORIG: LM00 IN= 0005
FROM: MARTIE/MATSU TO: JUNEAU INFORMATION
TARGET: LJ08 SUBJ:

PAGE 0001

TO: REP. HURLBURT FOR KEN SPRAY
FROM: JACKIE DUKES, MATANUSKA TELEPHONE, BOX 1389, PALMER
745 3211
RE: HB506

PER YOUR REQUEST, THE IMPACT OF INCREASING THE ANNUAL PERCENTAGE RATE FROM 5% TO 12% UPON THE SUBSCRIBERS OF MTA, ASSUMING \$5,000,000 LOAN WOULD BE APPROXIMATELY \$322,000. THIS EQUATES TO ABOUT \$30 PER CUSTOMER PER YEAR. TO OFFSET THIS WOULD REQUIRE AN INCREASE IN RATES OF 15% TO 20% EACH YEAR THAT MTA WOULD BE REQUIRED TO BORROW AT THE HIGHER RATE WOULD REQUIRE ANOTHER INCREASE OF THE SAME MAGNITUDE. IF I CAN PROVIDE ADDITIONAL DATA, PLEASE CALL.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL

Eagle River
Current:
Business Residential
\$29.10 per month \$16.85 per month

Outside Eagle River
Business Residential
\$19.10 per month 11.65 per month

3823

MSG 81-00016174 PRTY 1 05/11/81 18:19:23 ORIG: LA00 IN= 0011 OUT= 0072
FROM: MARCIE, AHC INFO TO: JUNEAU INFORMATION
TARGET: LJH2 SUBJ: IMPORTANT MESSAGE FOR REP HURLBERT PAGE 0001

JUNEAU INFO. PLEASE CALL AND HAVE KEN SPRAY PICK THIS UP AS SOON AS POSSIBLE. REPRESENTATIVE HURLBERT IS EXPECTING. THANKS. MS (PLEASE ACKNOWLEDGE RECEIPT INDICATING # OF PAGES)

TO: REPRESENTATIVE HURLBERT
ATTENTION: KEN SPRAY
FROM: BILL ECHOLS, ACCOUNTANT, R.A.I. FOR BUSH-TELL, INC.,
3201 C STREET, SUITE 601, ANCHORAGE 99503 (WK 276-5208)
RE: HOUSE BILL 165

THE ANALYSIS OF BUSH-TELL, INC. 1981 CONSTRUCTION BUDGET WITH A PROJECTED COST OF \$ 2,244,365.00 WOULD ADD AN ESTIMATED 458 TELEPHONE SUBSCRIBERS TO SERVICE.

MSG 81-00016174 PRTY 1 05/11/81 18:19:23 ORIG: LA00 IN= 0011 OUT= 0072
FROM: MARCIE, AHC INFO TO: JUNEAU INFORMATION
TARGET: LJH2 SUBJ: IMPORTANT MESSAGE FOR REP HURLBERT PAGE 0002

A COMPARATIVE PRINCIPLE AND INTEREST CALCULATION:

AT 5% WOULD BE \$ 100,064.00 ANNUAL PAYMENTS AND A TOTAL PAYBACK OF \$ 3,401,287 IN 20 YEARS.
AT 12% WOULD BE \$ 300,424 ANNUAL PAYMENTS AND TOTAL PAYBACK OF \$ 6,008,480 IN 20 YEARS.

THE DIFFERENCE TO THE SUBSCRIBER WOULD BE AN ADDITIONAL \$ 17.40 PER MONTH FOR THE COST OF MONEY AT 5% VERSUS 12%.

AN INCREASE IN BUSINESS SERVICE RATES FOR:

*Current phone lost
Bus. \$ 20 p/mth
Residential \$ 13.00 p-mth.*

ONE PARTY	OF	87%
TWO PARTY	OF	97%
FOUR PARTY	OF	1.09%
FIVE PARTY	OF	1.16%

MSG 81-00016174 PRTY 1 05/11/81 18:19:23 ORIG: LA00 IN= 0011 OUT= 0072
FROM: MARCIE, AHC INFO TO: JUNEAU INFORMATION
TARGET: LJH2 SUBJ: IMPORTANT MESSAGE FOR REP HURLBERT PAGE 0003

AN INCREASE IN RESIDENCE SERVICE RATE FOR:

ONE PARTY	OF	1.34%
TWO PARTY	OF	1.50%
FOUR PARTY	OF	1.74%
FIVE PARTY	OF	1.84%

BUSH-TELL, INC. HAS A TELEPHONE PRODUCT SERVICE MIX OF 68% RESIDENCE AND 32% BUSINESS. THEREFORE, THE CONSUMERS WOULD BE PAYING AS MUCH AS 1.94% MORE OVER THE PRESENT RATES CHARGED.



INTERIOR TELEPHONE COMPANY

204 West 6th Avenue Anchorage, Alaska 99501 Main Office 372-2576, Warehouse 333-4333

May 11, 1981

The Honorable Vernon Hurthert
Attn: Mr. Kent Spray
Alaska State Legislature
Pouch "Y"
Juneau, AK 99811

Re: Proposed House Bill 165

Dear Mr. Spray:

Interior Telephone Company, Inc., currently provides telecommunications services to nine rural Alaskan communities, serving approximately 1,725 customers.

Our 1981 capital expansion budget has been drastically reduced from \$680,000 to \$210,000 because of the non-availability of low interest Rural Electrification Administration (REA) loan funds. We project that approximately 88 new customers will be served during 1981 after our construction efforts connect them to the telephone network.

Interest rates on loan funds for construction have a direct effect on rates we charge our customers. Should HB 165 incorporate a 12% interest rate instead of 5% we would have to pass on to our customers a \$.66 per month increase in basic telephone rates. This increase assumes a 20 year pay back on a \$210,000 loan, spread over 1,413 customers.

We respectfully request your thoughtful consideration to the sensitivity of interest rates as they relate to the bills our customers pay each month. We feel that basic telephone rates paid by rural Alaskans should be kept as low as possible to insure the continuing development of the State and its resources.

Sincerely yours,

INTERIOR TELEPHONE COMPANY, INC.

Earl H. Land
Earl H. Land
Executive Vice President
General Manager

EHL/sar

cc: Matanuska Telephone Association

Current

<i>Business</i>	<i>Residential</i>
<i>King Cove</i>	<i>King Cove</i>
<i>Galena</i>	<i>Galena</i>
<i>Coopers Landing</i>	<i>Coopers Landing</i>
<i>Unalaska</i>	<i>Unalaska</i>
<i>Ellamini</i>	<i>Ellamini</i>
<i>\$36.26 per month</i>	<i>\$24.42 per month</i>
<i>Ft. Yukon - Cold Bay</i>	<i>Ft. Yukon - Cold Bay</i>
<i>\$31.82 per month</i>	<i>Residential</i>
<i>PT. Lioup/Sand Point</i>	<i>\$21.42</i>
<i>Res. \$21.46</i>	<i>Res. \$13.32</i>

STATE
of ALASKA

MEMORANDUM

TO: Representative Vernon L. Hurlbert DATE: May 11, 1981
Attn: Kent Spray

TELEPHONE NO.:

FILE NO.:

FROM: John B. Farleigh B JBF SUBJECT:
Executive Director
Alaska Public Utilities Commission

In response to the request from your office we have compiled the following information from our files and those of the Alaska Telephone Association.

Gross revenue data reflects year end 1979 for regulated utilities. The utilities certificated but not regulated are identified by an asterisk. 1980 gross revenue information will not be available until after June 30, 1980. However, station and employee information is year end 1980 as reported by the ATA:

<u>Utility</u>	<u>Gross Revenues</u>	<u>Station</u>	<u>Employees</u>
Alascom, Inc.	\$150,797,429		1385
Anchorage Telephone Utility	47,444,697	142,161	672
Bristol Bay Telephone Communications	510,742	331	5
Copper Valley Telephone Cooperative, Inc.	2,218,988	3,817	22
*Cordova Telephone Coop., Inc.		1,121	9
*FMUS		37,371	120
General Telephone Company of Alaska	4,432,128	12,517	59
Glacier State Telephone Company	16,125,746	24,151	140
Interior Telephone Company	1,737,336	2,027	20

Juneau & Douglas Telephone Company	8,095,895	16,259	82
*Ketchikan Public Utilities		7,521	39
Matanuska Telephone Association, Inc.	7,260,999	17,078	127
Mukluk Telephone, Inc.		167	1
National Utilities, Inc.	516,974	1,185	23
Nushagak Telephone Cooperative, Inc.	619,632	755	6
OTZ Telephone Cooperative, Inc.	764,235	919	7
Sitka Telephone Company	2,243,832	7,188	38
Telephone Utilities, Inc.		2,990	15
Bush-Tel, Inc.	147,748	100	4
United Utilities, Inc.	222,266	824	30
Yukon Telephone Company	111,884	163	3
Whittier Telephone Company	71,303	98	1
Bettles Telephone, Inc.	38,437	50	1

3873

MSG 81-00016174 PRY 1 05/11/81 18:19:23 ORIG: LA00 IN= 0011 OUT= 0072
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RE: HOUSE BILL 165

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BUSH-TELL, INC. HAS A TELEPHONE PRODUCT SERVICE MIX OF 95% RESIDENCE AND 5% BUSINESS. THEREFORE, THE CONSUMERS WOULD BE PAYING AS MUCH AS 1.94% MORE OVER THE PRESENT RATES CHARGED.

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FROM: MARTIE/MATSU TO: JUNEAU INFORMATION
TARGET: LJ08 SUBJ:

PAGE 0001

TO: REP. HURLBURT FOR KEN SPRAY
FROM: JACKIE DUKES, MATANIUSKA TELEPHONE, BOX 1388, PALMER
745 3211

RE: HB506

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NXT MSG U/R/S PREV MSG U/R/S RESEN / CANCEL

APUC
Gross Receipts
Number of Phones
Number of Employees

Before the
Federal Communications Commission
Washington, D. C. 20554

FCC 81-18
28753

In the Matter of)
)
Amendment of Parts 2, 21, 87, and)
90 of the Commission's Rules to) General Docket No. 79-188
Allocate Spectrum for, and to)
Establish Other Rules and Policies)
Pertaining to, the Use of Radio in)
Digital Termination Systems)
for the Provision of digital)
communications services.)

FIRST REPORT AND ORDER

Adopted: January 14, 1981

Released: April 17, 1981

By the Commission: Commissioner Fogarty issuing a separate statement.

I. INTRODUCTION

1. On November 16, 1978, the Xerox Corporation (hereinafter "Xerox") filed a Petition for Rulemaking ("Petition") requesting the reallocation of the 130 MHz of radio frequency spectrum between 10.55 and 10.68 GHz and the adoption of the necessary rules and policies to permit the establishment of nationwide common carrier digital telecommunications networks that would provide for the high-speed, end-to-end, two-way transmission of digitally encoded information. As proposed by Xerox, these networks would consist of intercity facilities employing satellites and terrestrial point-to-point microwave and intracity facilities which would include Digital Termination Systems (DTS) ^{1/} and internodal links. Xerox proposed that these facilities be employed to provide a new end-to-end common carrier radio service (which we call Digital Electronic Message Service or DEMS) which would meet the needs of widely dispersed business and governmental organizations for document distribution, data communications, and teleconferencing within and among the major U.S. cities.

2. In response to the Petition and the comments filed regarding it, the Commission, on August 29, 1979, issued a Notice of Proposed Rulemaking and Inquiry (hereinafter "Notice"). ^{2/} In that

^{1/} The term Digital Termination System (DTS) refers to two-way point-to-multipoint microwave radio facilities made up of local collection and distribution stations, each providing two-way transmission links to multiple outlying stations located at user premises.

^{2/} FCC 79-464, released August 29, 1979, 44 Fed. Reg. 51257 (1979).

To: Al Adams

From: Ken Spay AH

Subj: CSFB/65

As you are aware CSFB/65 is
in the House Finance Committee, &
there is apparently a problem with
the Finance Chair on the Bill.

I am supplying you with Our Justification
for the successful passage of the
Bill.

RSA Fund is apparently going to be
eliminated by the Reagan Admin -
& by doing so severely jeopardizes
continuation of well as up and phone
service to the state particularly
Buck Communities.

A letter of intent was approved by the LCC committee to hope that those companies & mainly services to under-served areas would receive priority.

on April 25, 1981
We teleconference this Bill to all stations & to Testing from companies as well as the public was supportive of the Bill. There was no testing that opposed the legislation.

The legislation allows for 5% loans of up to 5 million per loan, with terms of 30 years.

The perception of Rep cottons objections are as follows.

1. Revolving loan fund - (another special fund)
2. AFPA
3. Limit on loans is not restricted enough.

I would hope that we could fashion a Bill that would eliminate the objections & hopefully have the Bill moved from Finance.

I am not sure how to get around a 'Revolving Loan Fund', but there must be ways in which to do it.

The T.C.'s do not object to who
administers the fund but it was
believed that AFDA could use, its
~~The except~~ Body Body capability to
the success of an established long term
Program. AFDA Has an advantage
to leverage money.

I have ~~attached~~ ^{attached} 2 copies of a letter
from ATA which shows what companies
were anticipated fully free - PEA, The
proposed legislation does not ~~entirely~~
completely resolve the fully but it is
sufficient to at least keep these
companies off-balance.

I have also mailed the letter of
light.

How
Rep. Al Adams

CS/AB 165-

Dear Rep Adams,

As you are aware CS/AB 165-

of DTS facilities and the services provided thereby, since, even if DTS facilities may have some voice capacity, it will not be "telephone exchange service" within the meaning of that section. The purpose of Section 221(b) was to reserve to the states jurisdiction over local telephone exchanges which serve single multi-state areas. North Carolina Utilities Commission v. FCC, 552 F. 2d 1036,1045 (4th Cir.), cert. denied, 434 U.S. 874 (1977).

VI. MISCELLANEOUS ISSUES

81. A few commenters asserted that there has not been sufficient notice of the actions contemplated to develop a factual basis for the adoption of rules at this time. We believe, however, that our Notice of Proposed Rulemaking was sufficient to allow us to adopt rules without any further notice. Section 553(b) of the Administrative Procedure Act, 5 U.S.C. § 553(b), provides in pertinent part that a notice of rulemaking must include "the terms or substance of the proposed rule or a description of the subjects and issues involved." The D.C. Circuit has interpreted this to mean that the notice need only be "sufficiently descriptive of the 'subjects and issues involved' so that interested parties may offer informed criticism and comments." Ethyl Corp. v. EPA, 541 F.2d 1, 48 (D.C. Cir.), cert. denied, 425 U.S. 941 (1976). See also Buckeye Cablevision, Inc. v. FCC, 387 F.2d 220 (D.C. Cir. 1967). In this proceeding, notice was given of at least the subject matter of all the rules that we adopt today. Furthermore, evidence of the sufficiency of the notice is shown by the fact that so many parties commented at length on the issues.

82. Finally, with respect to Alascom's request that Alaska be excluded from this proceeding, we note that with the possible exception of MTS and WATS, for which the question is still open, see MTS and WATS Market Structure Inquiry, 81 F.C.C. 2d 177 (1980), we generally believe that Alaska should be treated no differently than the contiguous 48 states. See DHL Communications, Inc., File No. W-P-C 2000 (released Dec. 30, 1980); See also Integration of Rates and Services, 61 F.C.C. 2d 380 (1976), reconsideration, 65 F.C.C. 2d 324 (1977). We see no reason for establishing a different policy here.

lottery proceeding would hinder long-range planning, especially if applied to contested renewals.

G. Miscellaneous Issues

The comments generally agreed that DTS would create minimal environmental impact. Some commenters stated that no environmental impact statements should be required. Others commented that existing rules adequately covered the issue.

TDS worried in its comments about possible adverse affects of DEMS on rural areas. First, service might not be available in rural areas. Second, if it were available, it might result in loss of revenues to rural telephone companies.

Alascom commented that, in its view, the market for telecommunications services in Alaska was too thin to support yet another service. It requested that Alaska be excluded from this proceeding.

NASA commented on its concern that DTS be compatible with its remote sensing programs. Those remote sensing programs are located in the 10.6 GHz band where DTS is also proposed to be located.

III. LEGAL ISSUES

A. Necessity for a Further Notice of Proposed Rulemaking

A few of the comments were directed to the legality of adopting specific rules without a further Notice of Proposed Rulemaking proposing specific rules for comment. FTE Service stated that unless the comments were uniformly favorable, a two-step Notice of Inquiry-Notice of Proposed Rulemaking process would be necessary. AT&T was of the opinion that it would be improper to make rules on the basis of the record in this proceeding. There was, in AT&T's view, inadequate time and notice of specific actions contemplated to permit the development of the necessary facts addressing these issues.

Xerox, on the other hand, stated that the Commission should adopt final rules for DTS without a further Notice of Proposed Rulemaking. In support of this position, Xerox cited the Administrative Procedure Act, 5 U.S.C. §§ 511-599, 701-706. In particular, Section 553(b) of that Act states that it is not necessary to propose specific rules. Either the terms and substance of the proposed rules or a description of the subjects and issues involved would be sufficient. The Notice, in Xerox's opinion, meets this standard. Furthermore, the Commission's statement of intent to adopt rules without further comment gives notice to all parties, and the record in this proceeding is sufficient to support final action.

1. Orig - Intern financing $\frac{20}{1+3}$ prime
2. Reagan cuts
3. must now replace -
4. 5% - 10% -

5. AIDA - Leverage
TAX exempt municipal

1. Original Bill - was to provide Intern financing - someone must interim \$ is prime + 3

2. Reagan cuts. (Pending 57 mill)

which changed the complexion of the bill - it is now going to fail the void of REA Funds Lessor

3. AIDA - TAX exempt ^{Bonds} munic - and, Frank, Kit, to consider leverage the money -

4. Interest at 5% - is what the phone companies are use to - However if REA ^{Fails} for phones was going to continue it would be at 10.5% -

26.40
3.40
3.74
2.20
16.00
3.30
5.00

57.09

CS HB 165 (L&C) -

Letter of Intent.

The necessity for Telephone Service for
Alaska serves ~~all~~ the public needs.

~~It is the intent that the loans
granted under this ~~act~~ legislation be prioritized.~~

Cook ✓

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 165 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the telecommunications revolving loan
7 fund; and providing for an effective date."

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

9 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11 (1) the availability of adequate public telecommunications ser-
12 vices and facilities at reasonable rates in the state is a proper matter of
13 public concern;

14 (2) the ability of privately, municipally and cooperatively owned
15 public telecommunications utilities in the state to finance service to the
16 public and to finance capital improvements required to extend and improve
17 service on terms that will enable service rates to remain at reasonable
18 levels in the foreseeable future is seriously impaired by the unavailability
19 of low-cost federal loans;

20 (3) as a matter of public policy, to ensure the sound development
21 of the state and its resources and to provide an acceptable level of tele-
22 communications services to its residents at reasonable rates, the state
23 should assist telecommunications utilities in acquiring the money that is
24 essential to operate, maintain and expand facilities and services.

25 * Sec. 2. AS 44.83 is amended by adding new sections to read:

26 ARTICLE 08. TELECOMMUNICATIONS REVOLVING LOAN FUND.

27 Sec. 44.83.400. REVOLVING LOAN FUND CREATED. The telecommunica-
28 tions revolving loan fund is created in the Alaska Power Authority.

29 Sec. 44.83.410. POWERS AND DUTIES OF THE AUTHORITY. (a) The

1 authority shall formulate procedures and adopt regulations to implement
2 AS 44.83.400 - 44.83.490 in consultation with the Alaska Public Utili-
3 ties Commission. ~~The procedures and regulations, including economic~~
4 ~~and financial requirements for loans, will conform, to the extent~~
5 ~~possible, to procedures and regulations adopted by or applicable to the~~
6 ~~federal Rural Electrification Agency in accordance with the Rural~~
7 ~~Electrification Act of 1936, as amended (7 U.S.C. sec. 921 et seq.).~~

8 (b) The authority may

9 (1) subject to approval by the Alaska Public Utilities
10 Commission, make loans from the telecommunications revolving loan fund
11 to a public telecommunications utility to finance or refinance capital
12 improvements, plant and facilities, and to improve and expand services,
13 if other credit is not readily available from private or federal lending
14 institutions;

15 (2) make loans, subject to approval by the Alaska Public
16 Utilities Commission, from the telecommunications revolving loan fund
17 to a public telecommunications utility to meet short-term or interim
18 capital needs before receipt by the utility of long-term loans;

19 (3) consult with appropriate federal agencies and other
20 lending institutions which make loans to public utilities in the state
21 concerning policies, regulations and procedures to carry out the pro-
22 visions of AS 44.83.400 - 44.83.490;

23 (4) designate agents and delegate powers to them as is
24 necessary;

25 (5) require bonds and undertakings from persons employed by
26 the authority as necessary, and pay the premiums on the bonds and
27 undertakings;

28 (6) establish amortization plans as provided in AS 44.83.-
29 440(c).

1 Sec. 44.83.420. ELIGIBILITY FOR LOANS. A public telecommunica-
2 tions utility is eligible for a loan under AS 44.83.410 if

3 (1) it is a public utility for furnishing telecommunications
4 service under AS 42.05.701(2)(B);

5 (2) at the time of application for a loan it is serving the
6 public under a certificate of public convenience and necessity issued
7 by the Alaska Public Utilities Commission;

8 (3) in the judgment of the authority

9 (A) the public telecommunications utility shows a
10 definite potential for providing improved or expanded service in
11 the community or service area it serves, or otherwise requires the
12 financing to maintain adequate, efficient and safe service;

13 (B) the utility will be able to repay the loan;

14 (C) the utility has satisfied requirements imposed by
15 regulation of the authority.

16 Sec. 44.83.430. APPROVAL OF LOANS. (a) A loan may not be made
17 by the authority under AS 44.83.410 until the loan has been approved by
18 the Alaska Public Utilities Commission upon findings that

19 (1) the applicant is willing and able to provide the services
20 for which the facility to be financed by the loan is needed;

21 (2) the facility to be financed by the loan and the services
22 to be provided are required for the convenience and necessity of the
23 public and will result in an improvement of service; and

24 (3) granting the loan will not result in an unreasonably
25 adverse impact on a rate or rate structure regulated by the Alaska
26 Public Utilities Commission.

27 (b) Findings under this section shall be made in accordance with
28 regulations adopted under AS 42.05.151. The Alaska Public Utilities
29 Commission shall approve or deny a loan application within 90 days

1 after it is submitted.

2 Sec. 44.83.440. CONDITIONS AND LIMITATIONS ON LOANS. (a) A loan
3 to a public telecommunications utility under AS 44.83.410 may not
4 exceed \$5,000,000.

5 (b) A loan made under AS 44.83.410 shall be on terms and condi-
6 tions established by regulation of the authority and shall be secured
7 by collateral equal in fair market value to at least ~~75~~ percent of the
8 loan. *Should be TEST EXCEPT TIEA* *or cost value 100%* *even is 65%*

9 (c) Amortization plans for the repayment of a loan made under
10 AS 44.83.410 may not exceed 30 years. The rate of interest charged on
11 the unpaid balance may not exceed the rate of interest which the state
12 agreed to pay on the most recent general obligation bonds issued before
13 the application for the loan.

14 (d) A loan may not be made until an investigation and an economic
15 feasibility study are conducted and, as a result of the investigation
16 and study, the authority determines that the loan is economically
17 sound, that the utility will be financially self-sustaining, and the
18 loan will be fully amortized in accordance with the terms and conditions
19 of the loan. The economic feasibility study shall be conducted by the
20 authority staff or by consultants, engineers or other technical experts
21 approved by the authority.

22 (e) To facilitate its determination under (d) of this section the
23 authority may by regulation require an applicant for a loan to furnish
24 systems studies, long-range economic forecasts, financial data, and
25 technical information, and, if a loan is participated in by a financial
26 institution in an amount not less than ~~20~~ ^{10%} percent of the total amount
27 of the loan, the authority may consider the investigation and economic
28 feasibility study made or accepted by the financial institution as a
29 basis for its participation.

1 (f) If a financial institution participates in a loan made under
2 AS 44.83.410, it may elect to administer and service the loan for a
3 reasonable fee not exceeding one-half of one percent ~~of the total loan~~ ^{amount}.

4 (g) The state and the participating financial institution shall
5 each have a ^{1st} lien on the collateral or share the collateral to the
6 extent of their respective parts of the total loan. The authority may
7 subordinate a ^{1st} lien on collateral securing a loan under this chapter to
8 a lien of the federal Rural Electrification Administration.

9 ~~X~~ * (h) Notwithstanding (d) of this section, if an application for a
10 loan to a public telecommunications utility has been approved by the
11 federal Rural Electrification Administration and, due to lack of money,
12 the loan will not be made as approved, the authority may accept approval
13 of the loan by the federal Rural Electrification Administration as
14 evidence of economic feasibility and as a basis for awarding a loan
15 under AS 44.83.410. A loan awarded under this section may not be for
16 an amount greater than the amount of the loan which was approved by the
17 Rural Electrification Administration.

18 Sec. 44.83.450. ADMINISTRATION. Money loaned under AS 44.83.410
19 shall be delivered to the borrower in the form of a warrant drawn on
20 the treasury, and charged against the telecommunications revolving loan
21 fund. Upon repayment of a loan in accordance with the prescribed
22 terms, or upon liquidation by foreclosure or other process, or upon
23 receipt of interest or other revenue, the money received shall be
24 turned over to the authority for deposit in the telecommunications
25 revolving loan fund.

26 Sec. 44.83.460. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
27 COLLATERAL. (a) The authority may sell or transfer at par value or at
28 a premium or discount to a bank or private purchaser for cash or other
29 consideration the notes, mortgages and collateral held by the authority

1 as security for loans made under AS 44.83.400 - 44.83.490.

2 (b) The authority may sell or transfer at par value to the Depart-
3 ment of Revenue the notes, mortgages and other collateral held by the
4 authority as security for loans made under AS 44.83.400 - 44.83.490.
5 The Department of Revenue may purchase the notes, mortgages and other
6 collateral so offered, allowing the authority a one-half of one percent
7 service fee.

check out

8 (c) The authority shall proceed to recover its interests in a
9 loan which is in default in accordance with regulations adopted by the
10 authority. The authority shall sell or transfer all physical collateral
11 obtained through default to a nongovernmental entity within ^{a reasonable} 45 days ^{time}
12 after receiving title. During the pendency of a default proceeding,
13 the authority, another public corporation, a state agency, or a poli-
14 tical subdivision of the state may not operate facilities which are
15 held as collateral, but a private entity may be designated by the
16 authority upon approval of the Alaska Public Utilities Commission to
17 operate facilities held as collateral during the pendency of a default
18 proceeding. *State may operate for some time periods*

for public Enterprise

except to manage services

19 Sec. 44.83.470. GUARANTEES OF LOANS. (a) The authority may
20 enter into agreements with state departments and agencies, private
21 banks, other lending institutions, and individuals for the purpose of
22 guaranteeing loans made to qualified public telecommunications utili-
23 ties. The guarantees may not exceed 90 percent of the amount loaned
24 and the loans shall be secured in the same manner as provided for
25 direct loans under AS 44.83.400 - 44.83.490.

26 (b) A loan made under AS 44.83.410 and guaranteed by the state
27 shall bear an interest rate on the unpaid balance not exceeding the
28 rate of interest which the state agreed to pay on the most recent
29 general obligation bonds issued before the application for the loan.

1 Sec. 44.83.480. PROCEEDINGS AND REGULATIONS. The Administrative
2 Procedure Act (AS 44.62) governs all proceedings, and the adoption of
3 regulations, under AS 44.83.400 - 44.83.490.

4 Sec. 44.83.490. DEFINITION. In AS 44.83.400 - 44.83.490 "author-
5 ity" means the Alaska Power Authority.

6 * Sec. 3. This Act takes effect July 1, 1981.

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ECONOMIC AND SOCIAL BENEFITS OF THE REA
TELEPHONE LOAN PROGRAM

By

EDWIN B. PARKER, Ph.D.

(Former Professor of Communication,
Stanford University)

March 24, 1981

ECONOMIC AND SOCIAL BENEFITS OF THE REA
TELEPHONE LOAN PROGRAMS

By

EDWIN B. PARKER, Ph.D.

FORMER PROFESSOR OF COMMUNICATION, STANFORD UNIVERSITY

March 24, 1981

I. QUALIFICATIONS OF THE AUTHOR

Since receiving my Ph.D. in 1960, I have been on the faculty at the University of Illinois and at Stanford University, where I was Professor of Communication until 1979. I am now vice-president of Equatorial Communications Company, a company committed to the development and implementation of satellite and computer technologies in ways that should lower the cost of rural and other "thin route" data communications.

During the last ten years of my academic career I specialized in measuring the social and economic benefits of rural telecommunications, including a major program in the 1970s that led to 100 rural Alaska communities receiving telephone service for the first time. I authored or edited

three books, including Handbook of Communication, and over fifty articles and am on the editorial board of Telecommunications Policy. I have served as a consultant on communications policy to national and state governments, including the U.S. delegation to the World Administrative Radio Conference, and international bodies, including the International Telecommunication Union.

II. INTRODUCTION

My research and the research of my colleagues on the role of telecommunications services in economic and social development have provided certain findings which may assist you in your analysis of the Rural Electrification Administration's Telephone Loan Programs. I will briefly summarize these findings under three points. First, there are demonstrable benefits for regional and national economies from investments in rural telecommunications facilities in terms of increased efficiency in the organization of economic activity leading to increased productivity. I have estimated that the benefits of these programs to the United States economy are between six and seven times their costs. Next, there are demonstrable benefits for the quality of life in regions and nations from investments in rural telecommunications facilities in terms of increased availability and cost-effectiveness in the delivery of social services such as health and education. Finally, because these benefits are, to a considerable extent, what economists call external

(as opposed to internal or private) benefits, government intervention, such as in the form of the REA Telephone Loan Programs, is required for the optimal amount of investment in rural telecommunications facilities to be made.

III. CONTRIBUTIONS OF RURAL TELECOMMUNICATIONS TO ECONOMIC EFFICIENCY AND PRODUCTIVITY

Rural telecommunications systems increase economic efficiency and productivity. Telephones improve the organization of economic activity.^{1/} Efficient production and marketing requires the coordination of economic units, which depends on the availability of effective, fast, and reliable communications systems at low prices. A subscriber increases his efficiency and productivity through telephone services; these gains are his private benefits from subscribing. Also, subscribers throughout a nation increase their productivity from their ability to communicate with one subscriber through telephone services; these gains are the external benefits from that subscriber's decision to

^{1/} See, e.g., F. Parker, An Information-Based Hypothesis, 28 J. Communication 81 (1978); A. Hardy, The Role of the Telephone in Economic Development, 4 Telecommunications Policy 278 (1980); B. Wellenius, Telecommunications in Developing Countries, 1 Telecommunications Policy 289 (1977); H. Hudson, D. Goldschmidt, E. Parker, and A. Hardy, The Role of Telecommunications in Socio-Economic Development: A Review of the Literature with Guidelines for Further Investigation (1979).

join the network. Numerous case studies have shown that telephones contribute to regional and national economic development. Both developing and developed countries have realized economic benefits from investments in telephone facilities.

I recently supervised the Ph.D. dissertation of Andrew Hardy. Hardy's analysis of the economic benefits of telephone services focused on their impacts on gross domestic product, which captures both private and external benefits. His work went beyond the previously established correlation between the number of telephones per capita and the size of the gross domestic product. He was able to demonstrate the causal sequence of that relationship, establishing that an increase in the amount of telephone service at one point in time leads to an increase in the size of the economy at a later time.^{2/} He found that a one percent increase in the number of telephones per capita in the United States and Western Europe in the period 1950-1955 accounted for a three percent increase in per capita income in the period 1955-1962.

Improvements in telecommunications services are likely to yield greater economic benefits in rural than in urban areas. Transportation and other communications media are better substitutes for telecommunications in higher density

2/ A. Hardy, The Role of the Telephone in Economic Development Appendix C (Ph.D Dissertation, Stanford University, 1979).

areas. Increases in the cost of energy have heightened the economic benefits of substituting telecommunications for costly travel and thereby conserving energy resources.^{3/} Furthermore, the information flows facilitated by telecommunications services can make other uses of energy more efficient.

Hardy showed that the impact of telephone service on gross domestic product increases as density declines.^{4/} Using World Bank and other statistical data from sixty countries over the period from 1960 through 1973, Hardy established that an increase of one telephone per hundred people in locations already having eighty telephones per one hundred people led to a .01% increase in gross domestic product (GDP) the following year. The same increase of one telephone per hundred people in areas with twenty telephones per hundred led to a much larger .09% increase in gross domestic product in the following year.

A somewhat rough, but suggestive application of Hardy's analysis to the U.S. suggests that the benefits of the REA program are substantial. REA Telephone Loan Programs have advanced about \$3.9 billion in funds at reduced interest

^{3/} See, e.g., National Transportation Policy Study Commission, The Impact of Telecommunications on Transportation Through The Year 2000 45 (1978); Hudson, supra, 25.

^{4/} Hardy, supra, Appendix C. Note that the statistical analysis reported here was on data for a different set of countries and years than the analysis reported on page 4, supra.

rates toward initial telephone service for 2,882,568 subscribers and improved service for 1,657,622 subscribers.^{5/}

REA borrowers served 6,335,312 telephones; 3.6 percent of the telephones in the United States in 1979.^{6/} If one assumes that, but for the REA Telephone Loan Programs, the initial subscribers served by REA borrowers would not now be receiving service and if one assumes, quite conservatively, that each of these subscribers accounts for only one telephone, the stock of telephones in the U.S. would be reduced by 1.1 per one hundred people.^{7/}

Hardy's analysis shows that a penetration level of 80%-- close to the U.S. national ratio of telephones to population-- implies that such a reduction in the stock of telephones would reduce the GDP growth by approximately 0.011 percentage points. That is, if the 1979 stock of telephones in the U.S. had been lower by 1.1 per one hundred people, 1980 GDP would have been about \$283 million less than the actual

^{5/} REA, 1979 Annual Statistical Report: Rural Telephone Borrowers xxiv, xxiii, xxiv. The number of subscribers who actually received initial telephone service as a result of the REA Telephone Loan Programs at the end of 1979 is estimated for purposes of the following analysis at 2.4 million, due to the time required to complete construction.

^{6/} Ibid, xv; Federal Communications Commission, Statistics of Communications Common Carriers: 1979 7.

^{7/} The U.S. population in 1979 was 221 million and the national ratio of telephones to population was 79%. FCC, supra, 7. The estimate of 1.1 telephones per 100 people in 1979 was based on the assumption of 2.4 million initial subscribers. See note 5, supra.

level of \$2,576.5 billion.^{8/} This loss of GDP would increase each year. The increments in GDP attributable to the REA Telephone Loan Programs mean more jobs and higher productivity for Americans.

Since the penetration of telephones is lower in rural areas than in the nation as a whole,^{9/} the 80% penetration estimate may be inappropriate for evaluating the value of telephone service provided by REA borrowers. I have not found data on the population of areas served by telephone companies borrowing from the REA; but, available data show that the ratio of telephones to main stations in the REA areas is 23% lower than the national average.^{10/} Suppose that the ratio of telephones

8/ U.S. Department of Commerce, Fourth Quarter 1980 Gross National Product (Revised) (March 18, 1981). The calculation of GDP gain in 1980 attributable to the REA Telephone Loan Programs may understate their economic benefits in three ways. First, in contrast to the one telephone per new subscriber assumed by this calculation, the average number of telephones per subscriber served by telephone companies borrowing from REA in 1979 was 1.56. REA, supra, xv. Second, in contrast to the assumption that the REA programs have only had an impact on the number of telephones for subscribers receiving initial service, clearly the loans for improved telephone service have also affected the number of telephones in rural areas. Third, Hardy's analysis shows that the increment in telephones attributable to the REA programs prior to 1979 would affect 1980 GDP directly as well as through their effects on 1979 GDP and on GDP in earlier years; only the former effect was accounted for in this calculation.

9/ L. Perl, Economic and Demographic Determinants of Residential Demand for Basic Telephone Service Table 4 (1978).

10/ REA, supra, xv; FCC, supra, 32.

to population in areas served by REA borrowers is 60% rather than the national average of 79%. Then, using Hardy's results, the GDP gain attributable to the REA Telephone Loan Programs would be about \$850 million in 1980 and growing each year.

Moreover, the benefits of the Telephone Loan Programs are substantial even if attention is restricted to recently approved REA telephone financing. In 1978, the REA approved financing of \$311 million toward initial service for 180,518 subscribers and improved service for 71,199 subscribers.^{11/} Supposing that 180,518 new telephones in 1979 are attributable to these loans, the resulting 1980 GDP gains are estimated by \$20 million at 80% penetration and \$60 million at 60% penetration.

Analyses such as Hardy's have led me to write that telecommunications may be the most important component of regional economic infrastructure, possibly more so than transportation or electrification, for rural economic growth.^{12/} The benefits to rural economic growth are of two forms. First, new activities and enterprises are made possible in rural areas by investments in telecommunications facilities. Second, improved telecommunications services increase the efficiency of existing agricultural and non-farm rural enterprises.

^{11/} REA, supra, vii.

^{12/} Parker, supra, 83.

The economic benefits from telephone services require, as a necessary condition, connection to the telephone network. However, access alone does not exhaust the economic benefits that can be derived from telephone services. Increased economic efficiency can be gained by: (1) improving the reliability of telephone services, such as by installing buried cable; (2) improving the availability and confidentiality of telephone services, such as by providing single-party services; and (3) improving the capabilities of telephone services, such as by providing broadband (cable) and digital services.

Clearly, the ability of rural telephone companies to borrow from the REA at reduced interest rates for financing investments to provide service to new subscribers and to improve the quality and range of services to others has had important benefits to the nation's economy. As noted above, the REA Telephone Loan Programs may have raised 1980 GDP by as much as \$850 million. This sum far exceeds any estimate of the cost of the program. Suppose that the cost to the Federal Government in interest support for the REA Telephone Insured Loans was 5.6% and for the Rural Telephone Bank Loans

was 1.2% for outstanding loans at the end of 1979.^{13/} The outstanding principal balances at the end of 1979 of REA Telephone Insured Loans and RTB Loans were \$2.16 billion and \$0.77 billion, respectively.^{14/} From these data, the cost to the federal government in interest support for the Telephone Loan Programs can be estimated at \$130 million in 1979. The possible benefits in expanded gross domestic product from the Telephone Loan Programs are between six and seven times as large as the cost to the federal government in interest support.

^{13/} The 5.6% interest support for the REA Telephone Insured Loans was estimated by the difference between the 2.5% weighted average for total funds advanced through this program at the end of 1979 and the 8.1% interest charged on total interest bearing public debt in 1979. REA, supra, vii; U.S. Treasury Department, Treasury Bulletin Table F D-2 (Feb. 1981). The 1.2% interest support for the Rural Telephone Bank Loans was estimated by the difference between the 7.3% average interest rate for RTB funds advanced from January 1, 1975 to January 1, 1980 and the 8.5% average interest charge paid by the RTB for funds obtained from January 1, 1975 to January 1, 1980. (Data supplied by REA.) Funds advanced through the REA Telephone Guaranteed Loan Program are charged a rate of interest slightly greater than the Federal Financing Bank's cost of capital and there have been no defaults, resulting in no costs to the federal government for this program.

^{14/} REA, supra, xxv, xxvi.

As impressive as this result is, the costs of the programs to the federal government were overstated in this calculation. The REA Telephone borrowers paid \$196 million^{15/} in taxes in 1979 to local, state and federal governments. The REA Telephone Loan Programs have increased the taxable income of rural telephone companies by expanding the number of subscribers served, raising the quality and utilization of their services, and lowering their capital costs. Consequently, a substantial portion of the annual interest cost to the federal government is returned through higher income tax payments by the borrowers. Furthermore, the stimulus of the loans to economic activity results in additional tax revenues to the federal government, possibly making the REA Telephone Loan Programs net contributors to the federal treasury.

As the United States attempts to increase its economic efficiency and productivity or "re-industrialize," full advantage should be taken of the ability of improved rural telephone services to contribute to economic development and energy conservation.

¹⁵ REA, supra, xxiv.

IV. CONTRIBUTIONS OF RURAL TELECOMMUNICATIONS TO EFFICIENT DELIVERY OF SOCIAL SERVICES

Telecommunications services can increase the social benefits from resources devoted to such activities as health care and education.^{16/} Social service delivery can be increased and made more cost-effective with telephone and cable services by extending the geographic range of institutions such as hospitals and colleges, providing training and consultative support for field personnel, and enhancing the coordination of community and regional activities. With telecommunications services, scarce resources can be utilized more efficiently and by more people with reduced travel expenses and time requirements.

My studies in Alaska found a significant increase in the quality of health care resulted from the addition of reliable voice communications linking village paraprofessional health aides with distant supervising physicians of the U.S. Public Health Service.^{17/} These considerations favor investments in rural telecommunications facilities especially because rural areas are characterized by a

^{16/} See, e.g., Hudson, supra, 8-10; The Cabinet Committee on Cable Communications, Cable: Report to the President 46-47 (1974).

^{17/} H. Hudson and E. Parker, Medical Communication in Alaska by Satellite, 289 New England J. Medicine 1351 (1973).

deficiency in the supply of social services and great distances for people to obtain the services that are supplied.

The Reagan Administration has proposed substantial cutbacks in the federal government's social expenditures. Improvements in telecommunications facilities increase the benefits from social service expenditures and should be considered in the search for ways to derive the maximum social benefit from resources devoted to social services. Improved telecommunications services can lead to productivity gains in public sector services as well as private sector enterprises.

V. REQUIREMENT OF GOVERNMENT INTERVENTION TO OBTAIN THE OPTIMAL INVESTMENT IN RURAL TELECOMMUNICATIONS FACILITIES

The economic and social benefits of investment in telecommunications facilities are not confined to individual subscribers or users of telecommunications services. Entire regions and nations derive benefits from the investments.^{18/} The contributions of these investments to improved productivity for geographically widespread existing and future enterprises, health, and education result in what economists refer to as external benefits.

^{18/} See, e.g., Hudson, supra, 39-42; Hardy, supra.

The commercial marketplace responds to private, rather than public (private plus external), benefits. In the absence of government intervention, the telecommunications industry makes investment decisions by considering only what potential subscribers or users would be willing to pay for a service. The commercial marketplace will make investments when the private benefits exceed the facilities' costs, but not when the public benefits exceed the costs and the private benefits are less than the costs. This calculation can lead to underinvestment in terms of social welfare since the public benefits from additional investments in telecommunications facilities far exceed the private benefits.

Despite the efforts of the REA Telephone Loan Programs, underinvestment in telecommunications facilities is suggested by the state of telecommunications facilities and services in rural areas in the United States. Some rural areas have no telephone service or provide services at rates not affordable to rural citizens.^{19/} Some subscribers are limited to multiparty service provided by unreliable, inefficient facilities. The quality of telephone services in

^{19/} A recent study by REA showed that monthly single-party residence telephone rates in areas served by telephone companies borrowing from REA are 23% higher on average than rates for comparable service in rural areas served by the Bell System and various independent telephone companies not borrowing from REA. See Background Paper of National REA Telephone Association (March 13, 1981).

rural areas generally lags behind the services received by urban residents and businesses. Technological innovations often are adopted by urban telephone systems long before they spread to rural areas.^{20/}

While the per subscriber cost of providing telephone service is usually higher in rural areas, the public benefits of rural services are also higher. Certain economic and social benefits to the nation could not be realized if the nation relied solely on the commercial marketplace to supply capital for investments in rural telecommunications facilities.

The conclusion that economists reach in this situation is that government intervention is required to obtain the optimal amount of investment. It is widely recognized that, because of the economic and social external benefits of telecommunications, there is a strong case for public investment in rural telecommunications facilities.^{21/} The REA Telephone Loan Programs have been designed to correct a failure of the commercial marketplace to serve the public interest. Low-

^{20/} See, e.g., W. Laer, Telecommunications Technology in the 1980s, in G. Robinson (ed.), Communications for Tomorrow: Policy Perspectives for the 1980s 61, 105 (1978).

^{21/} See, e.g., G. Robinson, Communications for the Future: An Overview of the Policy Agenda, in Robinson, supra, 467, 482-83; Hudson, supra, 40.

interest REA loans decrease the cost of investments and increase the likelihood that investments which are desirable from the perspective of the nation will be made. REA loans enable rural telephone companies to make economically and socially desirable investments.

Capital is needed to expand and improve rural telecommunications services currently and in the future. The existing knowledge on the role of telecommunications services in economic and social development indicates that curtailment of low-interest loans from the REA Telephone Loan Programs would be against the public interest.

HB 165-

Bethel - need A Phone Service Very Very BAD!

Will Tom Jr. ^{Wukode} want phones for convenience - Bureau
to re one is slow & always behind - 1 phone -
Yes we need individual phones. We could pay 17 p/m x 1
For phone service.

Andy

Bob Blodgett ^{Multitask TELC -} Service - - we recently
received funding from ISEA - 4 yrs to get. However
new Admin. Annual Areas (by Tom low interest
loans - provides 30% funding - 5% - Funding
District - Step is the right direction - not working
for us - (Alascom) Suggestion - Power Authority -
Don't like ^{Alaska} Power Authority - Admin. of program - Dept
of Commerce - not by APA ^{maybe} swept under rug -
AIDA -

Dilligham David Boarder - Mustac - in Dilligham
RCA financial. A long way to solving Alaska
TELC needs - Areas - 1. Elig - At this is
semi public - APAC permission to serve
- Preserve Territorial Areas -
X presently unused comment 15T - applicable -
- AIDA - expand APAC. APA with direct
of all areas with expenses in TELC.

Myron
H. H. H. H. H.

General rep's - commission on utilities Valuable Input
A letter of intent on priorities -

Fubaks

Ralph Hoar Tawamchiers -

Fubaks - Municipality - Supports Bill -

T-chiefs Supports Bill - 1 phone in village
smaller village not getting attention - BRA not to Agency -

Large comp - will get great share - cost can
possibly be lower because of new switches - people would
pay for services

Haines - Leo LAND - I am all for it -

1. Pg 3 - line 17 thru 17 - may not be
OK to -

2. Pg 4 line 7 thru 11.

Auch Alice daufile - Calista cap - more
message - HTR 165 is needed since Fed program

cut back - Commercial firm not avail for
commercial - only 4 villages will pay for
for Utilities Utilities - more goal I'd -

We strongly support CS HTR 165 - will be some
to 33 other villages -

Bertel myron Nannig - supports 165 - would
enable United to be able to plan House to have
poor system as it is now - with one phone.
would enable to us to communicate - 1 phone system
only ops 8 hrs a day.

~~Ketch~~ Glenn

Such email last interview - TEL - supports
Substitute Fee it's necessary to growth
we saw Ft Yukon - Outel Hub -
Having problems with RIA Funding - because we
cuts - APA is very good nothing,
Adams - AIDA -

Ketch Glenn Mool - TEL System - KIP4
Clear we are in favor of R.I. - APA is
not the Agency - Separate Commission
Funding ^{Alaska} 1st source of funds.

Such Nicklas United Utilities -
Alascom is good -

Dillingham - good Bill - reasons - non Tides
1981 - we need residential phones - system will
improve - free access to information.

Steve Hamlin

United Utilities -

MAX Clements

90 Day is to shout
to approve loans or disapprove loans -



Official Business

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

April 15, 1981

**PUBLIC SERVICE ANNOUNCEMENT
FOR IMMEDIATE RELEASE**

The House Labor and Commerce Committee will be holding a public hearing, that will be teleconferenced statewide as well, on Friday, April 24, 1981. It will begin at 1:00 p.m.; ending at 3 p.m. Pacific Standard Time.

Testimony will be received on HB 165, "An act creating the telecommunications revolving loan fund." This bill provides telephone companies a source of funding in anticipation of the possibility that federal REA funding will either be eliminated or severely reduced; it also provides for long-term, low interest loans.

Persons wishing to provide public testimony on the subject matter are invited to attend in Juneau, Behrends Bldg. conference room, or at the local Legislative Information Office or Teleconference Center in their community.

For more information, contact the House Labor and Commerce Committee, 465-3873, Representative Vern Hurlbert, Chairman.

Lit. 4/8
APR 20 1981

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Carolyn S. Guess, Chairman
Gordon J. Zerbetz
Marvin R. Weatherly
Susan M. Knowles
Stuart C. Hall

In the Matter of the Application)	
of UNITED UTILITIES, INC., for a)	U-77-28
Certificate of Public Convenience)	
and Necessity To Furnish Tele-)	ORDER NO. 9
communications Services in the)	
Calista Region)	
_____)	
In the Matter of the Investigation)	
into the Financial Viability of)	U-81-22
Phase III Village Construction in)	
the Calista Region by UNITED)	ORDER NO. 1
UTILITIES, INC.)	
_____)	

ORDER DENYING WITHOUT PREJUDICE PERMANENT
CERTIFICATION AND INSTITUTING INVESTIGATION INTO
THE FINANCIAL VIABILITY OF PHASE III VILLAGE CONSTRUCTION

On January 2, 1981, the Commission received a filing from UNITED UTILITIES, INC. (United), requesting that the temporary conditional certificate for Phase III granted in Order No. 7 of this proceeding be changed to permanent certification. The United filing set forth seven points which it believes justifies permanent certification. It requested that the Commission grant permanent certification by January 31, 1981. On January 30, 1981, United filed additional documentation in support of its request.

On February 4, 1981, the Commission received a memorandum, a copy of which is attached hereto as Appendix A, from the Commission Staff (Staff) setting forth a review and analysis of the United request.

U-77-28(9), U-81-22(1)(4/9/81)
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ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-6222

DISCUSSION

1
2 In support of its request, United alleges that its
3 uncollectibles are reasonable; that its financial condition
4 is sound; that most of its current financing needs are met
5 through low-interest Rural Electrification Administration
6 (REA) loans; and that inadequate toll connect facilities
7 resulted in service not being extended to four villages. On
8 its face, these appear to be assertions of management rather
9 than documented facts.

10 In addition, United avers that Phase III certifica-
11 tion is a requirement in order to allow United to secure REA
12 financing for these communities. This has not been the
13 Commission's experience. The REA has proceeded with requests
14 of Alaskan telephone utilities that have received temporary
15 or conditional certification. Only toward the end of the
16 processing time of a loan application is the requirement for
17 permanent certification a necessity. The Commission acknowl-
18 edges the long leadtime required for construction in rural
19 Alaska as documented in United's January 2, 1981, request.
20 However, the utility is aware that the Commission has artic-
21 ulated its concern regarding the viability of Phase II and
22 Phase III construction in Order Nos. 7 and 8 in this Docket.
23 The Commission in Order No. 8 in this matter denied permanent
24 certification of Phase III villages and stated:

25 The financial sensitivity of United's
26 operation requires a longer and more
27 stable track record before the Commis-
28 sion can determine when the Phase III
29 construction program should commence.

30 To date, the utility has been and is involved in
31 an ambitious construction operation in twenty-four villages.

1 Six village exchanges have been operational for less than
2 two years; six village exchanges have been in service for
3 approximately six months; construction in four villages is
4 partially complete; and eight villages are scheduled for
5 construction in 1981. This does not provide evidence that a
6 "more stable track record" has been established.

7 On the contrary, the United filings of January 2
8 and 30, 1981, provide information that reinforces the Commis-
9 sion's concern expressed in Order No. 8, supra, that the
10 financial sensitivity of the utility's Phase II operation is
11 dependent on a number of factors that are not in evidence:
12 (1) the availability of long-term financing for Phase II at
13 a 5 percent or lower interest rate; and (2) the use of
14 interim financing for Phase II villages at a higher rate
15 only if there is assurance that low-interest financing can
16 be secured within a year.

17 The Commission is concerned about the financial
18 viability of United's Phase II operation as it affects the
19 utility's entire undertaking. A loan characteristic letter
20 was submitted by United in its January 30, 1981, filing.
21 The letter indicates that REA has made a determination of
22 the loan required to finance United's Phase II village
23 construction. It does not grant approval of the loan. In
24 addition, the letter states that a composite interest rate
25 of 5.4 percent will be required for the "B" loan. The
26 Commission is aware that United is currently financing its
27 Phase II construction with interim debt in excess of the
28 prime rate of interest. If its interim financing is in
29

1 effect for more than a year, another concern, noted in the
2 Staff analysis of the financial feasibility of Phase II, has
3 surfaced.

4 The very real question before the Commission at
5 this time is whether United can survive the impact of interim
6 financing levels currently in effect for its Phase II villages
7 and what effect the proposed REA budget reductions by the
8 current Federal administration will have on proposed interest
9 rates and the approval of its Phase II loan and whether or
10 not the utility intends to finance its Phase III village
11 construction with REA financing and at what interest rate.
12 The Commission has received confirmation from REA of those
13 loans approved and signed for Alaska telephone utilities.
14 Only United's "A" loan appears on the list that is appended
15 to this Order as Appendix B.

16 The events to date reemphasize the responsibilities
17 of the utility and the Commission to determine that the
18 Phase III villages are a financially feasible part of United's
19 operation before permanent certification is awarded. There
20 is no evidence on the record at this time to support such a
21 finding.

22 In its February 4, 1981, memorandum, the Staff set
23 forth its recommendation regarding United's request for
24 permanent certification for Phase III villages. A copy of
25 this report was sent to the utility's counsel by letter
26 dated February 11, 1981. The suggested course of action
27 recommended by Staff on page 2 of its report appears to be a
28 reasonable approach to determine whether the utility has the
29 resources necessary for the Commission to make a finding

1 that permanent certification should be granted for the Phase
2 III villages. The Staff review should not be limited to
3 Phase III but should include a review of the total company
4 including Phases I and II. United will be required to
5 provide to the Commission the documentation required in
6 recommendation Nos. 1, 3 and 4 of Staff's memorandum. In
7 addition, the Commission will require United to provide
8 proof of its debt financing for all three construction
9 phases; the anticipated interim and long-term interest rates
10 and source of debt for each phase along with documentation
11 that its interest estimates, where applicable, are valid.
12 Therefore, an order instituting an investigation into the
13 request of United for permanent certification of its Phase
14 III villages should be established. Because of the reconsti-
15 tution of the Commission, Docket U-77-28 will be closed; all
16 outstanding issues in that Docket will be subsumed in U-81-22,
17 and official notice will be taken of the applicable record
18 in U-77-28, under 3 AAC 48.150(g):

19 The Commission concurs with Staff that a financial
20 and operational audit of the utility should be made and that
21 Staff should review the quality of service presently being
22 provided to United's consumers. The Commission assumes that
23 the financial and operational audit of the utility will
24 provide a composite proforma revenue requirement for Phase I
25 (including Gambell and Savoonga) and Phase II as well as a
26 stand-alone proforma revenue requirement.

27 The Commission agrees with United regarding the
28 urgency to develop telecommunications to meet the needs in
29
30

31 U-77-28(9), U-81-22(1)
32 Page 5 of 9

1 the rural areas of Alaska. To this end, the Commission
2 believes it has extended every effort to United to assure
3 its successful operation.

4 In Order No. 8 in this proceeding, the Commission
5 offered the assistance of Staff to address the severe communi-
6 cation problems that exist in the Phase III communities and
7 encouraged United and ALASCOM, INC. (Alascom), to begin
8 discussions and creatively explore more immediate viable
9 alternatives that could be provided on an interim basis to
10 partially alleviate the telecommunications difficulties in
11 those villages. Order No. 8, pp. 5 and 6. The Commission
12 is not aware that United has requested Staff's assistance in
13 this regard nor has it, either together with or separate
14 from Alascom, explored the possibility of interim telecom-
15 munications alternatives in the Phase III area.

16 The Commission is aware of the successful efforts
17 of Alascom in developing the toll concentrator in St. Paul
18 and believes that this is an alternative that should be
19 explored by United in the Phase III villages. The Commission
20 agrees with United that there is an urgent need for expanded
21 communications in these villages and, therefore, will require
22 United to identify those villages in Phase III which have an
23 urgent telecommunications need that could be satisfied
24 possibly on an interim basis by the installation of toll
25 concentrators under the Alascom tariff. United should send
26 this list of villages to the Commission and Alascom.

27 The Commission observes that the foundation of the
28 proper development of telecommunications within the State of
29 Alaska is based on a spirit of trust and cooperation. This
30

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32 Page 6 of 9

1 ensures that the public interest, the responsibility of the
2 Commission, will be served. To this end the Commission will
3 once again urge United and Alascom to work together to find
4 solutions to the demanding telecommunication needs in rural
5 Alaska.

6 THE COMMISSION FURTHER FINDS AND CONCLUDES:

7 1. United is a public utility as defined by AS
8 42.05.701 and is subject to the Commission's regulatory
9 jurisdiction.

10 2. The United request for permanent certification
11 for Phase III is lacking in necessary detail or documentation
12 to meet concerns previously expressed by the Commission.
13 Therefore, the request of United to receive permanent certifica-
14 tion for the Phase III villages is denied without prejudice
15 to refiling in Docket U-81-22.

16 3. An order instituting an investigation into the
17 request of United for permanent certification of its Phase III
18 villages should be established. Because of the reconstitution
19 of the Commission, Docket U-77-28 will be closed; all outstand-
20 ing issues in that Docket will be subsumed in U-81-22 and
21 official notice will be taken of the applicable record in
22 U-77-28.

23
24 The Staff should pursue the elements of its recommen-
25 dation in the Staff memorandum of February 4, 1981, entitled
26 "Staff views regarding United Utilities' request for permanent
27 certification for Phase III villages. (U-77-28)." The
28 Staff monitoring or review should not be limited to Phase III
29 but should include a review of the total company including
30 Phases I and II as outlined in the body of this Order.

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32 Page 7 of 9

1 6. Alascom, Inc., shall be granted intervenor
2 status in U-81-22 limited to the quality and level of service
3 in Phase III villages. Upon receipt of the above list,
4 Alascom shall conduct a survey of those villages to determine
5 the economic feasibility of providing expanded telecommunica-
6 tions to those villages, on an interim basis pending final
7 determination of Phase III certification, through the use of
8 a toll-concentrator and notify the Commission of its results
9 at the earliest possible date.

10 7. Docket U-77-28 is closed. Any outstanding
11 issues in this Docket shall be subsumed in the investigation
12 proceeding.

13 DATED AND EFFECTIVE at Anchorage, Alaska, this 9th day of
14 April, 1981.

15 BY DIRECTION OF THE COMMISSION
16 (Commissioner Gordon J. Zerbetz nunc pro tunc.
17 Commissioners Susan M. Knowles and
18 Stuart C. Hall, not participating.)
19

20 (S E A L)
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31 U-77-28(9), U-81-22(1)
32 Page 9 of 9

STATE
of ALASKA

MEMORANDUM

Dodd
Mason

Gordon J. Zerbetz
Marvin R. Weatherly
TO: Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

DATE: February 4, 1981

TELEPHONE NO.:

thru: Jack Farleigh *JF*
Executive Director

FILE NO.:

from: Pete Sokolov *PS*
Chief Engineer

SUBJECT: Staff views regard-
ing United Utilities'
request for permanent
certification for
Phase III villages.
(U-77-28)

United Utilities letter of December 26, 1980 requested that the Commission change the temporary certification to provide local exchange telecommunication service for Phase III villages to permanent certification before January 31, 1981. It concluded: "United feels certain that with the Commission's blessing, it can perform the goal it set for itself in having adequate telephone service for all communities in United's certificated area before 1984."

The Staff has reviewed the 13 reasons United cites in support of its request and believes that considerable additional substantiation is needed before staff can make a responsible recommendation. Staff's concerns are as follows:

1. In its February 22, 1980 recommendation to grant permanent certification for Phase II villages, Staff concluded that United continued to be in a sensitive financial condition and that construction in Phase II villages should only proceed if long term debt at an interest rate below 5% could be obtained within a year. United proceeded to obtain high interest (above 20%) interim financing to construct facilities in Kipnuk, Kotlik, Mountain Village, Pilot Station, Tooksook Bay, and Tununak. According to its 1/12/81 report, United also partially constructed outside plant in Chevak, Goodnews Bay, and Qunihagak (The 12/26/80 letter adds Kwethluk to the list of locations with partially constructed facilities). United is still paying exorbitant interest rates for the funds used to construct Phase II and only at the end of January has obtained tentative approval of a 5.4% REA loan. The REA interest rate and the duration of the interim loan are both at the very limit where staff's studies have shown Phase II to be feasible.

2. United states in its letter that its financial condition is sound, yet Staff questions the basis for this conclusion. The utility is in a construction mode and operational costs have not yet stabilized. The utilities' financial soundness depends largely on toll settlements which have not yet been "trued up" for any year since the company's inception. Based on United's over-estimation of toll trunking it could have over-estimated its toll revenues. [Attached is toll usage data for 1980 which contradicts United's estimates of inadequate trunking].

3. United states that it found an alternate central office to the Stromberg ECDO 400 costing half the price and occupying one third the space. This new central office is to be field trialed this spring. If the switch indeed meets these expectations, it should be the one used for Phase III. New switches, even when well engineered, require a prolonged "shake down" period. A thorough field trial is therefore absolutely essential since United cannot afford to debug a plurality of such switches in remote villages.

Recommendation

United seems to misunderstand the basis of the Commission's statutory requirement for granting permanent certification. It is not a question of "blessing" United, rather it is a mandate to determine that the applicant is fit, willing and able to provide service of a reasonable level of quality. Before making this determination Commission Staff should determine to the best of its ability whether the utility has the necessary resources to expand to Phase III villages. Staff, therefore, should:

- 1) Obtain from the utility and analyze 1980 financial statements and the 1980 annual report to the Commission.
- 2) Conduct a financial and operational audit of United.
- 3) Review a completed cost study done for toll settlement purposes. To date no such study has been submitted to Alascom.
- 4) Obtain and analyze the ACD to be submitted to REA for Phase III financing.
- 5) Review the quality of service that United and Alascom provide to United's customers.
- 6) Monitor the field trial of the new switch as well as the progress made in constructing Phase II facilities including on-site visits to some villages.

Staff realizes that the public in the Phase III villages urgently requires telephone service. To provide such service,

the utility could now apply for an REA loan and aim at 1982 construction if the loan is approved. In the past, REA has reviewed, and is currently reviewing loan applications where utilities have been temporarily or conditionally certificated by this Commission (United Phase II, Bush Tell). A delay in permanent certification to the second half of 1981, should therefore cause no delay in obtaining the necessary financing. Meanwhile, in 1981, United should establish reliable service in the remaining Phase II villages (Akiachak, Chevak, Goodnews Bay, Kasigluk, Kwethluk, Napakiak, Nunapitchuk, Quinhagak) and staff should determine whether United is "fit, willing and able" to provide Phase III villages with reliable service.

TRIBUTARY TRUNK GROUP: ALAKANUK 1980

MONTH	NO. OF TRUNKS	CCS CARRIED	CCS PER CALL	GRADE OF SERVICE	FOR P.01 TRUNKS TO BE ADDED	SVCE REMOVED	SURVEILLANCE LEVELS NOT MET
JUNE	6	30	26.67	P.0260	1	0	1
JULY	6	27	4.50	P.0001	0	1	1
AUGUST	6	28	4.00	P.0002	0	1	1
SEPTEMBER	6	33	2.54	P.0004	0	1	1
OCTOBER	6	45	7.50	P.0018	0	0	1
NOVEMBER	6	37	6.17	P.0007	0	1	1
DECEMBER	6	37	7.40	P.0007	0	1	1

Note: * - exceeds P.05
 ** - exceeds P.10
 *** - exceeds P.20
 H - exceeds 12 ccs per trunk in trunk group of less than 4 trunks

..PUC 01/12/81

ready
 *

TRIBUTARY TRUNK GROUP: EMNONAK 1980

MONTH	NO. OF TRUNKS	CCS CARRIED	CCS PER CALL	GRADE OF SERVICE	FOR P.01 TRUNKS TO BE ADDED	SVCE REMOVED	SURVEILLANCE LEVELS NOT MET
JANUARY	3	81	6.75	P.3907	4	0	#
FEBRUARY	5	28	5.60	P.0012	0	0	
MARCH	6	70	10.00	P.0146	0	0	
APRIL	6	48	8.00	P.0025	0	0	
MAY	6	59	6.56	P.0068	0	0	
JUNE	6	61	5.55	P.0079	0	0	
JULY	6	84	5.25	P.0318	2	0	
AUGUST	6	84	4.94	P.0313	2	0	
SEPTEMBER	6	67	6.70	P.0121	0	0	
OCTOBER	6	24	.00	P.0001	0	2	
NOVEMBER	6	36	3.60	P.0006	0	1	
DECEMBER	6	54	3.00	P.0045	0	0	

Note: * - exceeds P.05
 ** - exceeds P.10
 *** - exceeds P.20
 # - exceeds 12 ccs per trunk in trunk group of less than 4 trunks

AFUC 01/12/81

ready
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TRIBUTARY TRUNK GROUP: GAMBELL 1980

MONTH	NO. OF TRUNKS	CCS CARRIED	CCS PER CALL	GRADE OF SERVICE	FOR P.01 SVCE	TRUNKS TO BE ADDED	TRUNKS TO BE REMOVED	SURVEILLANCE LEVELS NOT MET
MARCH	3	34	.00	P.0704	2	0		
APRIL	3	55	6.68	P.1982	3	0		#
MAY	3	63	5.25	P.2560	3	0		#
JUNE	6	61	10.17	P.0079	0	0		
JULY	6	79	5.27	P.0246	1	0		
AUGUST	6	42	6.00	P.0013	0	0		
SEPTEMBER	6	59	5.36	P.0068	0	0		
OCTOBER	6	31	2.82	P.0003	0	1		
NOVEMBER	6	47	11.75	P.0023	0	0		
DECEMBER	6	60	7.50	P.0073	0	0		

Note: * - exceeds F.05
 ** - exceeds P.10
 *** - exceeds P.20
 # - exceeds 12 ccs per trunk in trunk group of less than 4 trunks

APUC 01/12/81

eady