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the nationally recognized benefits of competition and universal basic telephone service at affordable rates.

The FCC is developing procedures that will be used to implement national communication policy for the next decade. Because the Commission is under considerable pressure to provide a workable mechanism for the major carriers and exchange companies which, in economic terms, represent the vast majority of the industry, there is a danger that it will neglect the impact of its action in extreme economic situations typical of those in Alaska.

Although a higher proportion of Alaska's residents are on the far end of the continuum from rural to urban telecommunication services, Alaska is not totally unique and national communication policy should not discriminate against it and other highly rural environments. Alaska is one of the 50 United States and as such is entitled to equal treatment. Alaskans, as all other residents of this country, must be able to procure adequate telecommunication services at affordable rates while at the same time enjoying the benefits of new and alternative services, technological innovation and increased efficiency that a competitive telecommunication industry provides.

Unfortunately, because of the urgent need for a revised structure satisfying the major portion of the telecommunication industry and because of statutory provisions of the existing Communications Act which are not fully appropriate to the existing environment, Alaska and other atypical areas are not likely to receive equitable treatment without specific legislation.

Specifically, without at least limited legislation it is likely that:

1. There will be no subsidy for high cost interexchange service.

Some mechanism to defray the high cost of interexchange service is necessary for the development of universal basic service throughout Alaska. In Docket 78-72, the FCC is moving rapidly to adopt an access charge mechanism which will replace separations and settlements. While it has indicated that the issue of high cost exchange service, will be addressed, nowhere has it been said that any high cost factors would be applicable to interexchange services. Without an interexchange subsidy mechanism, high cost routes in rural Alaska may continue to suffer from high rates or a reduction of service. Only the Senate has recognized the requirement for support to high cost interexchange routes. In S. 898 this is achieved by including interexchange as a

part of the definition of basic telephone service thus making subsidy available to hold down both exchange and interexchange rates. Without such direction it is unlikely that the FCC will adopt the required mechanism to support high cost rural interexchange routes.

2. Expansion of exchange service could be curtailed due to the absence of a specific cap, such as provided by the 110 percent rule, on local exchange rates.

While the FCC says it will address the needs of high cost exchanges through a high cost factor, there is no guarantee that they will adopt any such support mechanism, or that it would be adequate to promote and maintain universal local exchange service. This is especially true in view of its stated belief that universal service "almost already exists." Past experience with the FCC with the Alaska-Hawaii joint board indicates that the FCC questions its own authority to provide a subsidy even when clearly needed. Without a subsidy, Alaska exchange rates could climb and further expansion of the system might be threatened.

3. Full introduction of new telecommunication services in Alaska could be delayed.

Without Congressional direction to the contrary, the FCC would probably continue its practice of delaying

'application of its procompetitive entry rulings to Alaska. Only when there has been firm opposition from a competitive applicant to Alascom's case-by-case objections has the Commission acted to allow entry. Usually it has deferred decisions regarding policy for Alaska. The most recent case involves resale of MTS/WATS services where the FCC deregulated resellers throughout the United States and its offshore points with the specific exception of Alaska. The Commission's indecision on Alaska entry issues provides grounds for existing carriers to appeal its decisions when they do allow new technology and services in Alaska. An example is the Digital Termination Service (DTS). DTS is a new microwave radio service that allows more efficient and inexpensive delivery of data communications in local markets. Businesses in Anchorage would benefit substantially from this service. The FCC has decreed that DTS be available throughout the nation on an open entry basis. Citing the indeterminate nature of the Commission's position on Alaskan entry, Alascom has sought judicial review of the FCC's DTS order because it does not exclude Alaska. Alascom has also filed a petition to deny GCI's DTS applications on similar grounds. Absence of a clear policy in favor of open entry in Alaska allows such actions which further delay the introduction of needed services and increase costs due to the expense of

regulatory delay. Alaskans are the ultimate losers because they are denied the benefits of state-of-the-art technology that is available to all other citizens of this nation.

4. The existing disparity between intrastate and interstate rates will continue.

Separate Federal and State regulation of interstate and intrastate interexchange rates has led to artificial price differences which the FCC is powerless to resolve. The magnitude of this disparity in Alaska is extreme. A call from Anchorage to Juneau costs substantially more than one from Anchorage to New York. Without corrective legislation, such disparities will continue. Subsidy mechanisms adopted by the FCC will apply only to the interstate portions of exchange and interexchange service and, therefore, will only partially subsidize basic telephone service.

5. The existing legislative mandate for universal service will continue to be ignored and Alaska and other rural and remote areas will continue to have second class status in the national telecommunication system.

The FCC apparently believes that it cannot apply a universal service directive unless it is accompanied by an explicit mechanism for implementation. An

example can be found in the Commission's failure to require that satellites placed in the prime orbital arc provide coverage of Alaska, which denies the state an adequate supply and range of satellite services.

Alaska's needs could be adequately satisfied by concise legislation that would:

1. Guarantee universal basic telephone service at rates not in excess of 110 percent of the national average rates for such service.

The Congress must provide the FCC with explicit authority and direction to implement a subsidy mechanism which supports universally available basic service. As in S. 898, the definition of basic service should include interexchange services. In order to assure that rates for basic service are reasonable, a limit of 110 percent of the national average should be established.

2. Provide a competitively neutral system of access charges, surcharges and service payments that effectively implement universal basic service.

The Commission should be instructed to develop a system of surcharges on access charges to fund a national pool from which competitively neutral subsidy payments would be made to all carriers serving high cost areas. It is important that the required subsidy be competitively

neutral in order to promote rather than impede development of alternative services. Appendix I to this testimony provides a further discussion of the criteria required for a competitively neutral subsidy.

3. Extend FCC jurisdiction to all interexchange service so that the access and surcharge mechanism designed to foster universal service is not limited to interstate interexchange service.

Legislation should eliminate the regulation of interstate and intrastate services by separate jurisdictions by assigning regulation of interexchange services to the FCC, leaving local exchange regulation to the individual states. This will eliminate disparities between state and interstate rates and extend the benefits of competitive sources of supply to users within state boundaries. It further allows federally administered subsidies to be applied to state and interstate interexchange services in order to ensure an affordable full range of basic telephone service.

4. Put Alaska on a full and equal footing with the other 49 states by providing for full and open competitive entry in Alaska.

The Congress must make clear that its policy of free and open competition in the telecommunication industry

applies equally to all of the states. This clear statement is needed to prevent the continued erection of artificial barriers to competitive entry and introduction of new services in Alaska. Currently these barriers cause potential entrants to waste substantial resources which could be more productively used to deliver new and improved services. They also delay the implementation of new technology.

5. Require domestic satellite systems to fully serve Alaska.

Congress should direct the FCC to require domestic satellite owners who place satellites in the prime orbit arc to provide coverage of Alaska comparable to that afforded the other states.

6. Provide authority for FCC to deregulate competitive carriers that lack the ability to control prices in their markets.

The FCC should be given explicit authority to deregulate when market conditions permit. Such authority should include a market power standard which allows the Commission to deregulate only those carriers who lack the ability to substantially control prices. Such a procedure will foster real competition while preserving regulation

only where necessary to prevent market power abuses or to maintain or extend service.

The needed legislation should be confined to broad principles in order to guide and formulate policy while leaving it to the Commission to work out the details.

Almost all of the above points were adequately and appropriately addressed in S. 898, as follows:

Section 103 defines basic telephone service to include both exchange and interexchange services.

Section 202(e) mandates that basic telephone service be available at reasonable rates. This section also specifies the use of surcharges on access charges in order to achieve that objective.

Section 222(i) establishes that the surcharges shall be applied to prevent rates from exceeding 110 percent of the national average for three classes of carriers including those providing basic telephone service to, from, or within the State of Alaska.

Section 102(a) gives the Commission jurisdiction over all interexchange telecommunications. This will assure

reasonable rates for intrastate as well as interstate toll service, thus facilitating the universal service mandate.

Section 214(e)(3)(A) states that "any regulated or unregulated carrier shall have the right to provide interexchange service or facilities in Alaska." It is further stated that implementation of the legislation shall not result in unreasonable charges for nonbasic interexchange services in Alaska when reasonably required in the public interest. This section in its entirety supports competition and will hasten the introduction of new telecommunication services in Alaska.

Section 202(a) gives explicit authority for the Commission to deregulate telecommunication services.

Section 332 mandates that all satellites in the western United States orbit arc, between 119 and 135 degrees, shall provide essentially the same services to all 50 states. This guarantees that an adequate number of satellite transponders will be available for Alaska.

The procompetitive nature of S. 898 is elaborated upon in the report (No. 97-170) on S. 898 by this Committee. A colloquy involving Senators Packwood and Stevens during the

oor debate further emphasizes the intent of the Senate in this regard. These sentiments need to be similarly emphasized in new legislation.

Thus, in general the concepts established in S. 898 and discussed above are well suited for the assurance of continued and progressive development of telecommunications in the State of Alaska and limited legislation based upon these principles would meet Alaska's needs.

APPENDIX I

The Effect of Subsidies on Alaskan Interexchange Telecommunication Services

Alaskan telecommunications pose a number of special problems due to the higher cost of both exchange and interexchange services in Alaska. While part of this Alaska cost differential is attributable to the provision of service to small, remote population centers in rural Alaska, the major portion of the difference is a result of the generally higher costs of doing business in Alaska; this includes substantially higher salaries which must be paid to attract Alaskan workers, higher transportation costs to and from the state because of its distance and isolation from the 48 contiguous states, and the greater average length of haul for telecommunication traffic to, from and within Alaska. These latter costs, of course, affect all Alaska telecommunication facilities and are the reason why the costs for both urban and rural telecommunications in Alaska exceed the average costs for comparable services in the rest of the United States.

In spite of substantial support from the system of interstate separations and settlements, current rates for telecommunication services to and from Alaska exceed 120 percent of the rates for equivalent service elsewhere in the United States. Intrastate rates which receive no support from the settlements pool are close to 80 percent greater than the interstate rates.

While an equitable subsidy mechanism which guarantees the continued existence of affordable interexchange telecommunication services throughout Alaska is both necessary and desirable, it is likely that, over time, competition, through the introduction of more efficient systems and innovative technologies, will do more to reduce the price disparities faced by Alaska rate payers.

There is concern over certain proposals that have previously been advanced for subsidizing Alaska interexchange services because their effect could be to eliminate competition and create a permanent monopoly for the existing carrier. While implementation of any of these proposals would provide rate

relief to Alaska consumers it would also deprive them of the benefits of innovative and alternative services and it would burden rate payers throughout the rest of the country with the excessive costs that inevitably arise from a system of rate base regulated monopoly.

Any subsidy mechanism providing payments to a single regulated interexchange carrier which enables that carrier, regardless of its costs, to reduce its prices to a level below its competitors' costs will foreclose competition in the subsidized markets. Unfortunately this is precisely the nature of some of the mechanisms that have been proposed for subsidizing interexchange service in Alaska.

It has already been noted that the costs for Alaska service exceed national average costs for comparable service. In this situation, if a single carrier is guaranteed a subsidy sufficient to allow it to price its services at a rate approximately equal to the national average, no competitive carrier will ever be able to survive in the market. In order for the competitive carrier to gain and/or maintain customers, it would have to sell its service at a price slightly below the national average while facing costs substantially in excess of the national average.

It might be possible for a competitor to survive briefly in the Alaska market by exploiting new technology to drive its costs below the national average. However, national average costs will not be static; competition with its attendant efficiencies and incentives for technological innovation is likely to drive real national average costs down. When this happens, the subsidized carrier would receive a larger subsidy enabling it to reduce prices and eliminate the marketing advantage of a more efficient competitor.

Additionally, the subsidized carrier would never have any incentive to be efficient or technologically innovative. Thus, although prices for the subsidized carrier's services would be statutorily maintained with some percentage of the national average, the total cost for such service would not be reduced to the minimum levels that could be obtained by a competitive market. In sum, such a mechanism would statutorily vest the subsidized

carrier with a monopoly position and guarantee its rate of return through a public subsidy.

Subsidy mechanisms which propose to restrict or eliminate subsidies for routes or services where there are adequate competitive alternatives do not eliminate barriers to competitive entry either. Competitive telecommunications has developed through alternatives that were not fully equivalent to existing services. Typically these alternatives are priced lower and are in some ways inferior to the primary service; for example, competitive services usually do not have the same geographic range and are often more difficult to use due to requirement for special access codes, billing numbers, etc. Competitive service may, over time, develop into fully comparable alternatives but this process can only occur through a gradual growth of the markets and the industry. If the initial monopoly provider of services in a market is subsidized to a degree that enable its more comprehensive offerings to be priced at or less than the cost of a competitor's alternatives, the competitive market will never have the chance to grow to the point where it is capable of providing fully comparable alternatives.

Limiting application of subsidies to remote and rural areas of Alaska may appear to be a simple solution, but it also creates inequities. First, such a limitation could cause charges for service to and from those areas to be less than the charges for services to and from urban areas. Second, Alaska rural routes, with their dependence on satellite technology and their higher costs per unit of service, present viable opportunities for cost reduction through competitive and technological innovations; it is important that rural Alaska not be denied the benefits of competition.

Fortunately, paying a subsidy to a single regulated carrier is not the only option. Although any subsidy mechanism is apt to distort the workings of the marketplace to some degree, there are alternatives available which will foster, rather than hinder, interexchange competition. Such subsidies may be referred to as "competitively neutral" because they don't create an unfair advantage for any competitor. A competitively neutral subsidy must preserve the competitive advantages of the marketplace participants by providing pro-

portional benefits to all competitors. Under such a scheme, if any carrier on a given route receives a subsidy enabling it to reduce its rates by a certain amount in order to bring them in line with a national standard, then all carriers serving the same route should receive subsidy payments enabling them to reduce their rates by the same amount even if such a reduction would leave a carrier's price below the national average for comparable service. Subsidies to all carriers designed to normalize the rates of each to the national standard will not work because they serve to eliminate pre-existing competitive advantages.

Additionally, neutral subsidy mechanisms must be administered in a manner which allows non-regulated carriers to participate without assuming the burdens of regulation; otherwise, the cost to these carriers of participating in the subsidy program may exceed the benefits of the subsidy.

The most efficient and least distortive interexchange subsidy mechanism would be one administered through the exchange carriers by proportional reductions in the access charges faced by all carriers interconnecting with a particular exchange. Under such a system an eligible exchange common carrier which certified that the charges for interexchange service to and from its remote or rural exchange exceeded the national standard would receive a payment from a pool fed by surcharges on access charges. This payment would equal the amount by which the total annual charge for interexchange service to and from its exchange exceeded the amount that would be charged at national average rates. Any exchange common carrier receiving such a payment would be required to proportionally reduce the access charges applicable to all carriers serving that exchange by the full amount of the payment even if this were to result in negative access charges. Any carrier receiving the benefit of such a reduction in access charges would be required to reduce its rates for service to and from such exchange by the amount of the reduction in access charges.

For example, if company X, an exchange carrier in rural Alaska, certified that the charges for interexchange service to and from its exchange as provided by an interexchange carrier, company I, were equal to 130 percent

of the applicable national average cost and that the total annual volume of interexchange traffic to and from the exchange was \$130, and the goal of the subsidy program was to keep rates within 110 percent of the national average, then X would be entitled to receive \$20 from the interexchange subsidy pool. This \$20 represents the difference between the \$130 that would be paid by exchange users for interexchange service at the existing rates less the \$110 that would be paid by such users if the rates were at the limit of 110 percent the national average. Company X would then be required to lower its total annual charges to interexchange carriers for exchange access by \$20. If its total annual access charges were only \$10, X would be required to pay \$10 to the interexchange carriers connecting with its exchange based on the usage sensitive component of its access charges.

Company I would, in turn, be required to reduce its rates for interexchange service to and from the exchange operated by X by the amount of any reduction in the access charges paid by it. Thus, using the case of a negative access charge as presumed above, if instead of paying \$10 to X for exchange access, I received \$10 it would be required to reduce its total annual charges for service to and from X's exchange by \$20; this would bring the rates for service to and from the X exchange down to 110 percent of the applicable national average rate.

If an unregulated competitive carrier, company C, were to offer interexchange service to and from the exchange owned by X, C would also receive an access payment instead of paying an access charge. The total amount paid annually to C in this case would depend upon the volume of its interexchange transmissions to and from the X exchange. Since C would be unlikely to receive any business unless its rates were lower or its quality of service superior to that provided by I, it would not be necessary to statutorily require C to use the benefits of the reduced access charge to lower its rates. Presumably it would do so anyway in order to increase its volume of traffic and establish a competitive equilibrium.

It appears that the appropriate interexchange rate for a qualifying local exchange to use in certifying interexchange rate excesses is the rate of

the least expensive common carrier providing universal interexchange service to the exchange. Since in the absence of adequate alternative facilities a common carrier's rate would be subject to tariff, the mechanism proposed above essentially allows the subsidy payment to be based upon the interexchange common carrier's costs of serving that exchange.

Alternatively, it would be acceptable to pay the interexchange subsidy for any given route directly from the access surcharge pool to the interexchange carriers serving the route as long as the subsidy was allocated among all carriers serving the route proportional to the volume of traffic carried on the route. As long as the subsidy is paid to all carriers and does not remove the relationship between a carrier's cost structure and its prices, it will be competitively neutral and thus serve both the goals of fostering universal service and promoting competitive efficiency.

MEMORANDUM

State of Alaska

TO: Carole Burger, Commissioner
Dept. of Administration

DATE: July 30, 1982

THRU: Alex Hills, Deputy Commissioner
for Telecommunications

FILE NO:

TELEPHONE NO: 465-2041

FROM: Sioux Plummer, Director
Div. of Telecommunications Services

SUBJECT: Toll-Free Service
Report

Attached is the expanded "Toll-Free Service" report which you requested. In preparation for the FY'84 budget process, we have included detailed cost breakdowns and greater consideration of every foreseeable requirement associated with the option which we recommend.

I will be happy to further discuss this report with you at your convenience. In the meantime, I hope the information as presented here is what you were seeking.

INTRODUCTION

In his memorandum to the cabinet dated January 8, 1982, Governor Hammond directed that "steps be taken to study the establishment of a toll-free number statewide so that the public can have their governmental questions answered, or receive referrals to proper agencies for reply, by dialing one central toll-free number." The Governor further stated that he believed "this service could, to a great degree, relieve the frustration of the public attempting to obtain information from State government."

Interest has been shown for some time, by both state agencies and citizens, in a toll-free information service. The need for such a service is primarily based upon the high intra-state rates for long-distance telephone calls, as well as the inaccessibility to state government due to some unique situations in Alaska such as great distances between communities, extreme weather conditions, few interconnect highways, and four time zones.

Citizens often have questions that must be directed to specific agencies for correct answers. Currently, someone unsure of where to direct a call will probably call the Centrex Operator in Juneau for help in determining who to call, after first consulting with their local directory information operator or telephone book. In most cases, the Centrex Operator can direct the caller to the agency that is thought to provide the answer. At that time, the call can be transferred, if it is to a 465-Centrex number, or the caller can hang up and re-dial that number another time. In either case, the calls are placed at the citizen's expense and are not always productive.

At present, the Centrex Operator is averaging between 50-60 calls per hour. This call volume allows the Centrex Operator to function as a directory operator only. This operator is not equipped and lacks the time to offer in-depth information or have lengthy conversations with callers who have legitimate inquiries.

EXISTING SERVICE

In order to describe options that would provide a toll-free information service, existing similar services should be considered. At present, two similar information services and 10 agency-sponsored Zenith Toll-Free information numbers are being offered in Alaska to the general public:

1. Legislative Information Offices

These offices are operated by the Legislative Affairs Agency, Division of Public Services, in fourteen communities throughout the state. They are centrally located in each community, managed by local citizens and offer a wide range of information to walk-ins and callers in the form of electronic mail to and from the Capitol facsimile transfer and teleconferencing. Inquirors are provided with about 75% legislative information, and 25% of the information given relates to the executive branch, if it is known. Generally, the information officers in these locations are quite well-informed and know where to direct people for correct answers to non-legislative questions. However, if a citizen needs to call an agency it is at his or her own expense. The legislative offices do not offer free long-distance telephone calls.

2. Governor's Offices in Anchorage, Nome, Fairbanks & Kotzebue

The Anchorage Governor's Office offers an in-depth service to citizens, often providing specific answers during the initial call precluding the need for another call. The Anchorage staff has compiled a detailed State government guide which lists programs, agencies, commissions, acronyms, abbreviations and much more, to which they refer when answering queries. The other offices do not have staff to answer numerous telephone calls as they act more broadly in representing the Governor in those rural areas. All offices refer questions or problems to the Governor's Office in Juneau and other agencies for reply. This service is extremely well-received but does not answer the need for relief from long distance charges since there are no toll-free lines into these offices.

3. Presently, six State departments operate Zenith Toll-Free numbers to provide specific information.

Department of Environmental Conservation

DEC has provided a toll-free number for the reporting of oil spills since 1977. The infrequent calls to this number (2-3 per month) are primarily from the general public because most oil spills are reported by people or agencies that are familiar with other DEC numbers.

Department of Education

DOE lists a toll-free number in its publications that relate to their Learn/Alaska instructional television channel. Interested viewers can call in for printed material that relates to the programming, offer comments or ask questions. This number is not intended to reach the general public; rather it is aimed at elementary and secondary educators. Started in January, 1982, the number averages 15-20 calls per month.

EXISTING SERVICE (cont.)

Community and Regional Affairs

C&RA's Division of Housing Assistance has had a toll-free number for two years which provides information to the general public about three C&RA housing assistance programs. Although the traffic is somewhat seasonal, this number averages 15-20 calls per day.

Department of Revenue

Revenue presently has three toll-free numbers: two that provide information about Permanent Fund Dividends and one that gives Child Support Enforcement information. One of the permanent fund numbers, activated two years ago for taxpayer assistance, presently receives 780 calls per day for dividend information. The other number, installed in January, 1982 for Ketchikan area residents to call Juneau, is also used primarily for dividend information. It has been receiving up to 500 calls per day recently. The Child Support Enforcement number handles 300-500 calls per month.

Department of Labor

Labor uses two toll-free numbers as an inexpensive alternative to offering permanent staff in two locations. Valdez does not have a Job Service office, so employers and job seekers in that area can call toll-free to the Glenallen Job Service office. Similarly, people in Fairbanks who want labor market information can call toll-free to the labor market economists located in Anchorage.

Lieutenant Governor's Office

The Division of Elections in the Lt. Governor's Office began offering toll-free service in their offices in Anchorage, Fairbanks, Juneau and Nome in June, 1982. Information about election and filing dates, candidates and issues is provided. Since the service is new and not well publicized yet, no traffic data is available.

OPTIONS

There are three options that are most practical for providing a toll-free service, in terms of cost, timely installation and personnel requirements.

Option One

One solution is to expand the Governor's office staff in Anchorage and install toll-free (Zenith) telephone service to that facility. The present staff could not sufficiently handle the impact of a new free service, so at least one full-time person would have to be hired, as well as back-up personnel.

These employees would be responsible for providing information to callers and keeping the information document current. Work involving the collection and verification of State agency numbers in Anchorage for local telephone book listings is presently handled by the Anchorage Governor's Office and would become another responsibility of the Information personnel.

It is estimated that work related to the toll free service would involve 65% of two employees time. The remaining 35% could be devoted to other work in the Governor's Office.

In 1981, the Anchorage office received over 35,000 calls; sometimes up to 200 calls per day. This was double the 1980 figure. Most calls were local; the remainder were primarily from within Southcentral Alaska, (at caller's expense), and less than 2% were from out of state. Not many of the calls received were longer than three minutes, and most queries related to employment, public assistance, agency phone numbers, loan programs and other government-supplied services. Due to their up-to-date information on hand, the Anchorage staff could answer questions adequately, in most instances.

Option Two

Another option is to locate the new service in Juneau, within the Department of Administration on the 10th floor of the State Office Building, or within the Governor's Office in the Capitol. In either case, new staff would be required, as well as work and equipment space. Back-up personnel would be necessary as well. Unlike the Anchorage location, where training is readily available, training would have to be arranged or a person hired who is familiar with State agencies and the functions and operations of State government. This can be done with little difficulty, provided it is clear what information is to be provided, i.e., level of service offered and who is responsible for its accuracy.

Option Three

A third option is to locate this service in Juneau in conjunction with the Centrex Operator position which is presently located on the 8th level of the State Office Building in a central, publicly-accessible area. This office is actually a glass cornered booth. Presently, this space is arranged for only one person who sits at a central switchboard. While it appears that the operator sits there to answer questions for passers-by while answering the phone, that is actually not his or her function. He or she is a central switchboard operator with access to over 1600 telephone stations in Juneau. Callers from all over the State who want an agency, name and/or telephone number, are assisted by the operator who offers only directory assistance, but has the ability to transfer many of the inquiring callers from the switchboard directly to the agency they seek. This operation could

OPTIONS (cont.)

be expanded to include two operator stations, one offering toll-free information service and the other handling local and centrex directory calls. To do this would require some remodeling of the space around the present operator station, adding appropriate acoustic treatment and accommodating two persons. It is possible also, that this arrangement would free the present operator from receiving so many calls as to allow for more adequate response to public (including tourist) inquiries at the window of the booth. Since there are no signs or indicators on these windows now, it could be advertised to note "State Government and Directory Information," or something similar. Tourists with other types of inquiries would still be directed to the local Juneau Chamber of Commerce log cabin only a few blocks away.

While gathering information for this study, need for another service associated with the Juneau Centrex was discovered. It is included here in the discussion of Option Three as a recommended consideration in addition to a toll free service. The desire is to have at least two "lobby phones" installed outside the booth for State business use. These phones could be restricted so as to only accept Centrex (465 prefix) calls and would provide a convenient and free way for state employees and other visitors to call ahead before dropping in for unscheduled visits. The placement of the phones by the Centrex Operator's booth would allow easy access for questions, numbers or other information.

COSTS

Both one-time and on-going costs must be considered for the provision of toll-free service. One-time costs would include purchase of equipment for options 2 & 3, advertising the service, telephone company installation charges, and remodeling for option 3. On-going expenditures would include the costs of the Zenith line and local telephone company lines, toll charges, salaries for new positions and listings in Alaskan telephone directories.

ONE-TIME COSTS

Equipment

Staff in the Anchorage Governor's Office keep all data for their information document in an information processor in order to facilitate updating. Changes are entered as they become known and updated versions are run off quickly and easily. To provide this type of equipment to a new location, as in option 2 or 3, would require \$20,000. If the Anchorage Governor's Office continued to provide service to the Anchorage area and a new location provided the same information to the rest of Ala'ka it would be advisable for the two information processors to have communication capability (via phone line) in order to exchange new data. If option 3 is adopted, the Centrex Operator's data could be filed in the information processor also.

Advertising

In order for this new service to receive maximum use, its availability will have to be publicized statewide. One scenario to accomplish this would be to mount a traditional month-long advertising campaign using Alaska's print and electronic media. The Governor could issue a press release, followed by maximum runs of three 30-second T.V. and radio Public Service Announcements and display ads in Alaska's newspapers. Given that two channels of statewide T.V. exist, as well as 12 T.V. and 50 radio stations, it seems that the information could be disseminated easily at relatively low cost. If newspaper display ads were added to the campaign the cost would triple and although newspaper advertising would assure complete statewide saturation, an adequate campaign could be run without that component. Costs for a T.V. and radio campaign would be \$4,500. Display ad costs would be estimated at \$15,634. Details are included in Attachment #1.

Local Telephone Company Installations

\$206 would be needed to provide the installation of four telephone instruments and associated lines. One would be for the Information Operator, one to allow the information processing equipment to communicate with its counterpart in Anchorage and two would be for lobby phones.

Remodeling

The remodeling of the existing Centrex Operator's space mentioned in Option 3 would include carpentry work to reconfigure the space, some additional furniture, signs and special acoustical treatment to provide sound insulation. Also, one additional electrical power circuit would be needed for the information processor components. It is estimated that \$7,000.00 would be needed.

Training

Training new personnel, if Option 1 is not adopted, should take place in the Anchorage Governor's Office as that office currently provides the service closest to the kind described in this report. It would be advisable to send the new staff person to Anchorage so the person could see Anchorage personnel in action and more importantly, to see how the information processor is used in conjunction with the information document. Airfare and per diem for two days in Anchorage would cost approximately \$460.00.

If the Anchorage service was kept in place and additional service added in Juneau it would still be advisable to send new personnel to Anchorage to insure proper coordination of the two services as well as training.

It is assumed that any new personnel hired would be familiar with an information processor and possessed the necessary skills to operate that machine.

ON-GOING COSTS

Zenith and Local Telephone Lines

A flat fee per month is charged by Alascom for the dedicated Zenith toll-free number. There is also a monthly charge from the local telephone utility for the connection to Alascom and for other associated lines.

Charges for Option 1 or 2:		
Zenith	\$211.00/mo. X 12	\$2,532.00
Local Telco.	\$24.50/mo. X 12	294.00
	Option 1 or 2 total:	<u>\$2,826.00</u>

Charges for Option 3:		
Zenith	\$211.00/mo. X 12	\$2,532.00
Local Telco. (Zenith)	\$24.50/mo. X 12	294.00
Local Telco. (Juneau Info. Proc.)	\$24.50/mo. X 12	294.00
Local Telco. (Anch. Info. Proc.)	\$24.50/mo. X 12	294.00
2 Centrex lobby phones (Juneau)	\$1.69/mo. X 12	20.28
	Option 3 total:	<u>\$3,434.28</u>

Toll Charges

Associated costs are the long distance calls made by the people using the Zenith number and charged to the State. If 120 three-minute calls are placed per day to the Zenith number and are divided equally among regions, using Ketchikan, Nome, Fairbanks and Kotzebue as examples, the following cost assumptions can be made:

	<u>To Juneau From</u>	
Ketchikan	@ 1.65/3 min. x 30	\$ 49.50
Nome	@ 2.75/3 min. x 30	82.50
Fairbanks	@ 2.55/3 min. x 30	76.50
Kotzebue	@ 2.75/3 min. x 30	82.50
		<u>\$ 291.00 plus tax</u>

ON-GOING COSTS (cont.)

	<u>To Anchorage From</u>	
Ketchikan	@ 2.55/3 min. x 30	\$ 76.50
Nome	@ 2.40/3 min. x 30	82.50
Fairbanks	@ 1.65/3 min. x 30	49.50
Kotzebue	@ 2.40/3 min. x 30	72.00
		<u>\$ 270.00</u> plus tax

Per 20-day month, based on above, typical costs would then be:

	<u>Monthly</u>	<u>Annually</u>
To Juneau	\$5,820.00	\$69,840.00
To Anchorage	\$5,400.00	\$64,800.00

If Option 3 is chosen the information processors would need to "talk to each other" at least once a week to update information. Since computers communicate much more rapidly than people, two full pages of information could be easily transmitted in one three-minute call. As the station-to-station daytime rate for calls between Anchorage and Juneau is high (\$2.55/3 min.), it would be advisable for a weekly call routine to be established rather than having the processors call each other every time new information is obtained. The cost for 52 three-minute calls would be \$132.00.

Salaries

Along with toll charges, personnel costs must also be considered. There is presently great disparity between the Centrex Operator position at a Range 7 and the Information Officer in the Governor's Office at a Range 14. Where this new position fits in depends on the level of service provided and the knowledge required to fill the position. Range 7 is paid \$1,319.00 per month; Range 14 - \$1,995.00 per month.

Listings in Alaskan Telephone Directories

\$288.00 would be needed annually to list the Zenith Toll Free number in Alaska's telephone directories.

COST SUMMARY

Annual costs described herein include charges for the Zenith number, typical toll charges, salary for one Information Operator (Range 10) and charges for telephone directory listings.

One-time costs include equipment and training (Options 2 and 3), telephone and line installations, advertising and remodeling (Option 3).

	<u>Annual</u>	<u>One-Time</u>	<u>Total</u>
OPTION ONE Information service in Governor's Office, Anchorage	\$ 87,990.00	\$ 4,547.00	\$ 92,537.00
OPTION TWO Information service in Governor's Office or Department of Administration, Juneau	93,030.00	25,007.00	118,037.00
OPTION THREE Information service in State Office Building, 8th Level, Centrex Booth, Juneau	111,654.88	32,166.00	143,820.88

RECOMMENDATION

There is not one option that will absolutely offer the best possible service statewide to all Alaskans. This is due to the existence of similar services in some state locations, the difference in costs for long distance calls between points and because start-up costs will differ in each location. Therefore, the recommendations herein is based on the best possible compromise of all considerations:

1. Promote existing services
2. Implement Option 3 (Juneau Centrex Booth location)
3. Continue Anchorage Governor's Office service on a local basis
4. Coordinate new Juneau service with existing Anchorage service to create one service with 2 locations.

Since there are both Legislative and Executive branch services presently offering information, particularly in the rural areas, and considering that some State agencies have toll-free numbers operating now, it seems reasonable to promote these services as much as possible.

While the present services are being promoted and it is hoped, more effectively utilized, implementation should take place for locating a toll-free number in Juneau. While it may take longer to develop, the most suitable permanent location would be on the 8th level of the State Office Building in conjunction with the Centrex Directory Operator. It seems appropriate for this service to be located in the capital where state government access is greater and the up-dating of information is more readily available. Also, there would exist a natural exchange of current information between the Directory Operator and the Information Operator, which would enhance both positions and the service they provide to the public.

Further, both positions, as well as back-up personnel, could be employed the Department of Administration, Division of Administrative Services. The Directory Operator could also handle public information at the window, while the Information Operator could handle the more in-depth calls which would not allow him/her time to deal with the walk-up public as well. Significantly, a high visibility location in Juneau will encourage state agencies to more fully cooperate when the up-dating of information is solicited from them by the operators, and will naturally help to support the function of the service, that is, to provide better access for the public to state government.

The present information service being offered by the Anchorage Governor's Office should be continued as a local service. As the majority of calls received are local, it would be silly to refer those requests to Juneau especially when the State pays the toll charges. Long distance callers could be informed of the Zenith number for future calls or referred to it if the information needed was not readily available.

The two services would work in concert and would, in fact, be one service with two locations. This service should be based on the format and information document developed in Anchorage and should utilize the interactive capabilities of two information processors. Both locations could gather data which then could be shared to provide the most current information to the public.

Initial training should be conducted by Anchorage personnel. Additional training should include an understanding of what present services are offered and materials should be supplied to the operator by these agencies. A frequent liaison

RECOMMENDATIONS (cont.)

should develop between these offices and the Operator for continual up-date and information exchange. The Information Operator should also develop a working rapport with the Information Officers of each state department, as well as become familiar with the primary function of the departments.

The Information Operator must not only have personable telephone courtesy skills, but must be well-organized, thoughtful, deliberate and accurate. He or she must have the tenacity to follow-through and have self-initiative to provide an adequate level of service to the public. Additionally, previous experience with information processing equipment would be necessary. These criteria make the demands of the position somewhat greater than those of the Centrex Directory Operator position at a Range 7. However, it has been felt for sometime that Range 7 has not been sufficient for the Centrex Operator position due to the high pressure nature of that position. In developing the new Information Operator position as recommended, the duties of the Centrex Directory Operator could change enough to allow handling the questions of passers-by at the windows of the operators' booth. It is recommended then, that the Information Operator be hired at a Range 10, equivalent to a Secretary I, and that the Directory Operator be upgraded to a Range 8.

There has been question about transferring long-distance Zenith calls from the Information Operator station to agencies on the State Centrex System. While this would certainly be an enhancement to the overall service, it would also add considerable expense due to the length of the "free" call. Based on the assumption that the Information Operator will be able to adequately answer most questions, transferring calls will not be necessary in most cases. However, where more in-depth service is required, the operator will refer the call to the proper agency, who will then respond by telephone or letter, whichever that agency determines is appropriate. This procedure is recommended for start-up and can be re-evaluated after the service has been operational for a suitable length of time to determine if any changes in the level of service should be made.

As noted previously in this report, this recommended option (OPTION 3) would cost the State \$111,654.88 annually which covers costs for Zenith and local telephone company lines, toll charges, salaries, and Alaskan telephone directory listings. Additional one-time costs for remodeling, furniture and equipment would be \$32,166.00 and if a reasonable amount of advertising was desired, an additional \$4,500.00 would be needed. Maximum costs for an FY 84 appropriation would be \$143,820.88.

The aforementioned recommendation, if implemented, may well be an interim measure, as the result of a present study being under-taken by the Division of Telecommunications Services. This study will review state government telephone systems and data communications networks, with an eye to developing a five-year telecommunications master plan. A requirement within this plan is to develop a state telephone network that will provide centrex to centrex calling and tie lines between urban centers. This will enable citizens to make calls to a central number at their nearest urban center that would be extended via toll-free tie lines to the appropriate agency or central information center. This is the long-term solution to more economical and efficient telephone service, as well as the permanent answer for continued citizen access to state government.

ATTACHMENT ONE

Advertising

Costs associated with advertising of a new toll-free service fall into two categories: Radio and T.V., and newspapers.

1. Radio and T.V. Public Service Announcements

T.V. - Production and duplication of three 30 second PSA's	\$3,000.00
Radio - Production and duplication of three 30 second PSA's	1,500.00
Subtotal	<u>\$4,500.00</u>

Includes copies for 12 T.V. and 50 radio stations. Distribution via these stations and the two statewide channels (TVP and LEARN/Alaska) would be free as broadcasters are required to run PSA's at no charge.

2. Newspaper Display Ads

There are eight dailies and 22 other papers that publish weekly, bi-monthly or monthly in Alaska. Prices for ads vary, but generally the larger, urban papers charge more than the rural or non-daily publications. For budget purposes tv averages have been developed:

\$265.00 per 1/4 page ad in urban dailies
\$ 98.00 per 1/4 page ad in rural or non-dailies

Ads could be run four times in one month in the dailies and weeklys (25), and once in each of the others (5).

\$265.00 per ad x 8 papers x 4 ads =	\$ 8,480.00
\$ 98.00 per ad x 17 papers x 4 ads =	6,664.00
\$ 98.00 per ad x 5 papers x 1 ad =	<u>490.00</u>

Subtotal \$15,634.00

TOTAL \$20,134.00

*By cutting the size of ads run to 1/8 page, costs for newspaper ads could be reduced by half.

ATTACHMENT TWO

Total Costs for Recommendation
(Option Three)Non-Recurring

1.	Equipment	
	Information Processor	\$20,000.00
2.	Advertising	
	3 30 sec Radio and TV PSA's	4,500.00
3.	Remodeling	
	Carpentry, Furniture, Signs, Acoustic Treatment & Additional Electric Circuit	7,000.00
4.	Local Telephone Company Installations	
	4 Telephone Instruments & Lines	206.00
5.	Training	
	Travel & Per Diem to Anchorage for 1 Person for 2 Days	460.00

Non-Recurring Total \$32,166.00

Annual Recurring

1.	Zenith line @ \$211/mo x 12 mos.	\$ 2,532.00
2.	Local Telephone Company Lines	
	3 Single Lines @ 73.50/mo x 12	882.00
	2 Centrex Lines @ 1.69/mo x 12	20.28
	Sub-total	\$ 3,434.28
3.	Toll Charges	
	120 3 min. calls/day x 20 days per mo/ x 12	\$69,840.00
	Information Processor - 1 3 min. call/wk @ 2.55 x 52 wks.	132.60
	Sub-total	\$69,972.60
4.	Salaries	
	Information Operator (Range 1) \$1,673/mo x 12	20,076.00
	Centrex Operator (Range 8) \$1,487/mo x 12	17,884.00
	Sub-total	\$37,960.00
5.	Alaskan Telephone Directory Listings	
	\$1.20/mo x 20 directories x 12	288.00

Annual Recurring Total \$108,982.88

Grand Total \$143,820.88

Based on the above figure \$143,820.88 would be needed in FY 84 to cover start-up and one years operating costs. For subsequent years, \$108,982.88 would be needed, plus a percentage for inflation.

MEMORANDUM (Brief Communications)

State of Alaska

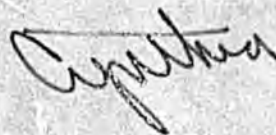
TO:	Name Suzanne Tryck	Dept./Div./Sect. Sen. Vic Fischer's Office	Mail Stop
FROM:	Name Cynthia Halterman	Dept./Div./Sect. Administration, Telecommunications Services	Telephone 465-2041
SUBJ.:	Toll-Free Legislation		Date October 7, 1983

Suzanne,

Enclosed is the packet you requested on toll-free legislation. It contains everything written to date on that subject.

I've divided it into three groups: 1) documents on SB 27; 2) documents on the other toll-free bills (SB 42, HB 97, HB 81); and 3) general documents about toll-free.

Hope this is everything you need. If not, give me a call.



DEPARTMENT OF ADMINISTRATION

POUCH C
 JUNEAU, ALASKA 99811
 PHONE: (907) 465-2041

DIVISION OF TELECOMMUNICATIONS SERVICES

FISCAL ANALYSIS
 SB 27, SB 42

February 1, 1983

"An act relating to toll-free telephone calls to state agencies"

(a) The Department of Administration shall provide toll-free telephone service for calls to a state agency by residents of the state.

(b) In this section "state agency" means a department, office, board, commission, or agency of the executive, legislative, or judicial branch of state government including the University of Alaska.

ANALYSIS:

This fiscal detail is based on the following assumptions:

- 1) That toll-free telephone service will be available to all State agencies to which significant amounts of public access is required.
- 2) That such access is provided through Zenith numbers (automatic charge reversal) assigned to each identified agency.
- 3) That the agencies under consideration are located in Anchorage, Fairbanks, or Juneau.
- 4) The number of agencies, identified by the Department of Administration, Division of Telecommunications Services, as probably having significant public access requirements, and their locations are:

<u>Location</u>	<u>Number of Agencies</u>
Anchorage	89
Fairbanks	56
Juneau	82
TOTAL	<u>227</u>

5) The average calls received would be 10 per day per office, at 5 minutes per call.

6) The average call cost will be \$2.75 (\$.55/minute)

7) That no additional positions, or telephone services will be required by agencies as a result of implementation of this system.

Based on these assumptions:

Basic Zenith charge	\$211/mo x 227	\$ 47,897
Toll charges	\$605/mo x 227	137,335
MONTHLY TOTAL		<u>185,232</u>
YEARLY TOTAL		2,222,780
Publication and Advertising		80,000
TOTAL		<u>\$2,302,780</u>

COMMENT:

The method of obtaining toll-free access to State agencies addressed in this fiscal note has the advantage of fairly rapid implementation without capital investment or the need for new positions, but it may not be the most efficient or cost-effective method over a longer period.

Alternative solutions are currently being investigated by the Telecommunications Divisions of the Department of Administration, but since these alternatives involve engineering study and more complex cost analyses, fiscal impact statements for these possibilities have not yet been developed.

Longer range plans for state government telecommunications service, provide for toll-free access to all state agencies through an integrated telephone system. Funding for a State telephone system for Anchorage, Phase 1 of the State plan, has been requested by the Department of Administration in its' FY84 Capital Budget.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH C
JUNEAU, ALASKA 99811
PHONE: (907) 465-2041

DIVISION OF TELECOMMUNICATIONS SERVICES

COST SUMMARY

ZENITHS

Zenith Monthly Service Charges	
82 Juneau Zeniths	\$ 207,624/year
89 Anchorage Zeniths	225,348/year
56 Fairbanks Zeniths	141,792/year
Subtotal	\$ 574,764/year
Toll Estimate - Juneau	\$ 595,320/year
Toll Estimate - Anchorage	\$ 646,140/year
Toll Estimate - Fairbanks	\$ 406,560/year
TOTAL	<u>\$2,222,784/year</u>

COLLECT CALLS

Toll Estimate - Juneau	\$ 595,320/year
Toll Estimate - Anchorage	\$ 646,140/year
Toll Estimate - Fairbanks	\$ 406,560/year
TOTAL	<u>\$1,648,020/year</u>

CENTRAL OPERATORS

One Zenith Monthly Service Charge	\$ 2,532
Local Telephone Company Monthly Line Charge	294
Remodeling	8,000
Personnel	59,350
Toll Estimate	920,040/year
Equipment Purchase (One Time Charge)	10,000
TOTAL ANNUAL	<u>\$ 990,216</u>
TOTAL ONE-TIME CHARGE	<u>\$ 10,000</u>

ZENITH NUMBERS FOR ALL AGENCIES WITH EXTENSIVE PUBLIC CONTACT

ADVANTAGES

1. No additional personnel or equipment required.
2. Can be implemented quickly.
3. No long term committment required. Service can be stopped without liability.
4. If implemented as an interim solution, data gathered regarding frequency of use and costs can be used to plan the best, permanent solution.
5. Easier access for caller than Collect Call option.

DISADVANTAGES

1. Most expensive of three options due to Monthly Service Charge for each Zenith number in addition to toll charges.
2. Less control at agency and no chance to screen calls. More potential for abuse.
3. Increase in agency budget required.

CENTRAL OPERATOR ANSWERING ONE STATE ZENITH NUMBER

ADVANTAGES

DISADVANTAGES

1. Cheaper than Zenith option.
2. Easiest access for public as only one number involved.
3. Less "wrong numbers" will be reached by caller as operator will transfer to correct agency.
4. Other information services will be provided in addition to channeling calls to appropriate agencies.

1. More expensive than Collect Call option.
2. Additional personnel and equipment required.
3. Only Juneau has existing technical capability to implement this type of service.
4. Could not be implemented as quickly as other options due to hiring, training and remodeling requirements.

COLLECT CALLS ACCEPTED BY ALL STATE AGENCIES

ADVANTAGES

1. Least expensive of three options presented. Costs directly related to usage. No additional fixed costs such as Monthly Service Charge.
2. No additional personnel or equipment required.
3. Can be implemented quickly.
4. Agencies can have more control to prevent abuse. Special numbers will be assigned and agency designee will have authority to accept or reject inappropriate calls.
5. No long term committment required. Service can be stopped without liability.
7. If implemented as an interim solution, data gathered regarding frequency of use and costs can be used to plan the best, permanent solution.
8. Increased public awareness that toll calls are not free and are being paid by the State.

DISADVANTAGES

1. Increase in agency budgets required to cover toll charges.
2. Less convenient for caller than Zenith option.

TESTIMONY PRESENTED BY SIOUX PLUMMER AT
SENATE STATE AFFAIRS HEARING
February 10, 1983

INFORMATION FOR TOLL FREE

While free access to all state agencies from the public is generally accepted as a needed service, the most efficient and cost-effective way to provide this service is not clear at this point.

The reason for this lack of clarity is that no one knows, at this point, how much such a service would actually be used. The cost of telephone system and circuit arrangements is very sensitive to calling patterns including duration of calls, points of origin and peak calling rates, i.e., special circuit and equipment arrangements have high fixed costs and do not become cost-effective until traffic exceeds a certain level.

At the present time there are only two options for providing toll-free access which can be implemented immediately (i.e., as soon as authority to implement, and funding arrangements are established, and these options are similar in that they both provide a method for the state to pick up the cost of long-distance telephone calls from the public to state agencies. One is "Zenith service" where a special zenith number is assigned to a regular telephone number, the caller dials the long-distance operator and gives the Zenith number. The operator then places the call to the associated directory number and bills the call to the called party. There is also a fixed monthly charge (\$211) for this service regardless of the amount of calling.

The other option is for agencies to accept collect calls from the public. To assure some measure of accountability, each agency would have to specify certain numbers at which collect calls would be accepted.

Both of these options, to be effective, would require wide distribution of directory lists and public information efforts.

Advantages and disadvantages of these methods are summarized on the attached sheets. Cost estimates are based on the assumption that 227 agencies will receive an average of 10 5-minute calls per day. This estimate may not be realistic but as pointed out earlier, it can be anyone's guess. Since these options involve tariffed services only, state procurement procedures do not require competitive bids.

Another possibility which has been examined by our Division, is that of providing a central attendant service with a single toll free number under which calls would be transferred to appropriate agencies. Unfortunately, this option is readily implemented only in Juneau where most agencies are served by a single PBX (Centrex). In Anchorage and Fairbanks, state offices are scattered throughout the city with each

agency, or group of agencies, served by a different system making central attendant service difficult at best.

A practical arrangement, in Juneau at least, might use Zenith service directly to agencies with high public access requirements and central attendant service for all others.

Going beyond regular end-to-end tariffed services such as we just described, other possibilities include a single state-wide central attendant service employing foreign exchange circuits or tie lines for inter-city switching, special switching equipment and attendant service at major nodes (i.e., Anchorage, Fairbanks and Juneau), or contracting for all services including operator and communication costs. This latter is possibly a viable alternative since recent regulatory changes have opened the door to new carriers in the telephone market place. Carriers such as AT & T and Alascom no longer have assured monopolies. It is also possible for private entities to purchase large blocks of capacity (circuits) from major carriers and pass a portion of the savings resulting from bulk purchases on to smaller customers who purchase only the capacity they need. These entities are known as resale carriers. In soliciting proposals for this type of service, however, the State would probably have to specify the amount of traffic to be carried, or guarantee minimum levels of traffic.

This brings us back to the problem of insufficient data on which to base traffic projections, or analyze the cost-effectiveness of various possibilities.

For this reason, we would feel most comfortable with legislation or legislative intent which would allow us to run a trial of Zenith or collect call service which would provide the information needed for planning and engineering of permanent system. It is, of course, possible that the test method itself proves to be the best.

I would like to briefly address the Bill itself regarding some concerns we have over implementation. One is the direction that the "Department of administration provide toll-free Access". Presently, all agencies, divisions or departments budget for and pay their own telephone bills. If a toll-reversal option is employed, some accounting and administrative effort will be required to transfer funds, as required to cover additional agency costs, if the total appropriation is made to the Department of Administration.

Another concern is that the University of Alaska is included in the bill. As little as we know about possible State government calling potential, we know even less about the University. Given the nature of that institution with thousands of students scattered around the State, many away from their families, we think there could be a considerable potential for abuse. There is also the fact that the Department of Administration has little authority over the University and would have difficulty monitoring system use. It is possible that toll-free

circuits could be used for University administrative business. This potential for abuse exists for state government agencies as well, but as mentioned before, the Department has much closer ties and authority within the executive branch.

We would prefer to see appropriations responsibility and authority to implement toll-free service for the University placed in the hands of the University.

MEMORANDUM

State of Alaska

TO: Legislative Budget Review Committee DATE: March 2, 1983

FILE NO:

TELEPHONE NO: 465-2041

FROM:

L.R.
Lisa Rudd, Commissioner
Department of Administration

SUBJECT:

Toll Free Information,
SB 27

The first official action taken by the Department of Administration in response to SB27 was the submission of a fiscal note at the request of Senator Vic Fischer.

The fiscal statements included in this note were developed on a number of assumptions some of which (those relating to call volume) were highly speculative, but in our judgement, reasonable. This note estimated that the first year costs would amount to \$2,302,780 if Zenith Service were selected as the method for providing toll-free access.

The Department is not convinced that Zenith Service is the best method of providing toll-free service in the long-term although it is simple to implement and use. The reasons for this misgiving are well stated in the testimony provided by Sioux Plummer at the Senate State Affairs Committee hearing held on February 2, 1983. A transcript of this testimony and a copy of the cost summary and pros and cons of certain service options, also presented at the February 3 hearing are attached.

As indicated in Director Plummer's testimony, the Department would prefer, if implementation is to be immediate, that collect-call, Zenith Service, or a combination of these be employed first. The reason behind this preference is that it can be started immediately, stopped or changed at any time, does not require commitment to service or equipment vendors, does not require capital expenditures, but will provide information on calling volume and characteristics upon which design of a long-range service can be based.

The CS for SB27 and its letter of intent (draft only) appear to meet the expressed preference of the Department. We do feel, however, that it is important to point out that the Commissioner of the Department of Administration have the support of the Governor and cabinet in implementing the intent of the bill. It is most important that each agency affected set up its system so that accurate records can be easily compiled, and that these records be provided to the Department of Administration for analysis. Because this legislation requires agencies to pay for the service with existing funds, some agencies may, out of budgetary concerns, be reluctant to provide the necessary level of service.

March 2, 1983

Implementation of this intent will require considerable effort on the part of the Department in advising agencies on how to set up service for ease in accounting, compiling toll-free number lists, and publishing directories or lists. This last effort necessary to inform the public of the toll-free numbers available and agencies they may call.

It is estimated that adequate publication and advertising will cost \$80,000.

SP/bb

Attachments: Comments and Cost Summary by Sioux Plummer

Fiscal Analysis SB 27, SB 42

MEMORANDUM

State of Alaska

TO: Legislative Budget Review Committee

DATE: March 11, 1983

FILE NO:

TELEPHONE NO:

FROM: Sioux Plummer, Director *SLP*
Division of Telecommunications Services
Department of Administration

SUBJECT: 465-2041
"Toll-Free"
Legislation

Thru: Lisa Rudd, Commissioner
Department of Administration

The attached information is the result of our discussion at the Legislative Budget Review Committee meeting on Saturday, March 5, and in response to Mr. Crawford's instructions for the Department to proceed with plans to implement "a toll-free information operator service."

We are concerned that we have a clear understanding of the Governor's intent. There are many toll-free access options and significant differences in costs and levels of service. In particular, the terms "directory operator" and "information operator" are sometimes interchanged and therefore cause unintended confusion. We are hopeful this information will clear up any potential misunderstanding.

The attachment includes the Department's recommendations in the matter. If they indeed concur with the Governor's intent, we will appreciate being so advised.

SP/bb
Attachment:

SUMMARY OF TOLL FREE OPTIONS

Over the past year the Division of Telecommunications Services has looked at various possibilities for improving citizen access to their State government through the public telephone network. These possibilities ranged from a limited information and directory service, to direct toll-free access to all State agencies.

Our options are somewhat limited by the fact that the State does not have an integrated government telephone network, and the lack of special intrastate bulk-rate telephone service offerings by Alascom or other carriers. Without considerable capital expenditure or long-term financial commitments, These conditions limit our immediate options to use of the regular toll-telephone network, and inhibit our ability to provide a single number through which citizens can access any agency.

The cost estimates contained in the brief descriptions that follow are somewhat speculative since we have little or no data on which to base assumptions of the amount of calls to be handled.

1. Single Directory Operator. Under this option the State would provide directory operator service accessible to the public through a toll-free (Zenith) number. This operator would provide directory service only, giving callers the location and phone number of agencies they need to contact. This operator could be located anywhere, and the service could be provided on a contract basis by a private concern. Operators, however, would have to be very knowledgeable about State government operations and programs.

The cost estimates for this service are based on the assumptions that the operator is located in Juneau, that the operator will handle 150 calls per day with a 1-minute holding time.

	Annual	One-Time
Operator Costs	44,513	
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs	100,000	
Equipment		10,000
TOTALS	\$147,045	\$18,000

2. Directory and Call Transfer Service. (Juneau only). This option would provide state-wide directory information as in Option (1) and, in addition, operators would transfer calls directly to agencies in Juneau. This option is available only in Juneau because this is the only location where most offices are on the same centrex system. This would be considerably more expensive than directory-only service since it is expected that a considerable amount of routine traffic now coming into Juneau would shift to the toll-free number, thereby increasing operator requirements and toll costs.

	Annual	One-Time
Operator Costs	<u>59,350</u>	<u>8,000</u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (400/day)	920,040	
Equipment		10,000
TOTALS	<u>\$981,922</u>	<u>\$18,000</u>

3. Information Operators. This service would be an expansion of straight directory service in that operators would provide more information directly to callers and would take requests for information and forward them to agencies for appropriate response. Operators could be centrally located or located regionally such as in Anchorage, Fairbanks and Juneau. This would be more expensive than a simple directory service because holding times would be longer, more operators would be required and operators would have to be highly trained and knowledgeable. Regionalizing the service would reduce toll costs but would increase personnel and facility costs. The Governor's Office in Anchorage is presently providing information service, but does not provide toll-free access.

The following cost estimates are based on the assumption that the service is located in Juneau.

	ANNUAL	ONE-TIME
Operator Costs	<u>59,350</u>	<u>8,000</u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (200/day)	132,600	
TOTALS	<u>\$194,482</u>	

4. Toll-Free Service Directly to Agencies. This could be accomplished simply by directing all agencies to accept collect calls or establish zenith service to the appropriate numbers. This would be the most expensive option, but it would provide full access to all agencies from citizens anywhere. One problem associated with immediate implementation of this service is that agencies will not have been able to budget for increased telephone costs. Zenith service is more convenient to the caller, but provides a potential for abuse since agencies have no way to screen inappropriate calls. If properly implemented and managed, this type of service could provide data on traffic levels and patterns that would be useful in designing a permanent system of toll-free access.

The estimated costs for this service are base on the assumptions that 227 agencies will receive 10 5-minute calls per day.

	ANNUALLY
Zenith Service	\$2,222,784
Collect Calls	1,648,020

5. Other Options. The options listed previously are only those which can be implemented fairly rapidly without large capital expenditures, long-term contracts, or other financial commitments.

An integrated State Telephone System connecting state agencies in Anchorage, Fairbanks and Juneau could provide direct telephone access to major state offices for most of the population through local calls. To implement such a system will require considerable expenditure, time and money for planning, design, procurement and construction. The Department's 5-year plan for telephone communications includes a 3-city telephone system.

The State could solicit private industry for proposals to set up and operate a system to provide toll-free access to state offices. The present difficulty with this, in the eyes of the Department, is that without better data than we now have, it would not be possible to specify parameters in terms of traffic handling requirements or to knowledgeable evaluate proposals in a knowledgeable manner.

A mini-network to handle public calls only could be constructed by the State. This would be similar in layout to the tri-city network of the 5-year plan, but would be limited, in configuration and capacity, to handling calls from the public. This would require time, and money for engineering, implementation and as operation. As with other system options, the difficulty lies in trying to design an effective system without clear knowledge of traffic handling requirements.

Recommendations

The Department of Administration recommends the following:

1. Establish directory information operations in Anchorage, (Governor's office) and Juneau, (see Toll-Free study, attached). FY 84 cost: \$38,000 capital, \$170,000 operating.
2. Set up a toll-free calling (to agencies) pilot program. When sufficient data has been collected, the Department will recommend a longer-term program. FY 84 cost: \$1,648,020.
3. Continue toward development and implementation 5-year telephone switch. FY 84 cost: 1 million.

TM/bb

MP

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SB 27 SB 42
Title: Relating to toll-free telephone calls
Sponsor: Senator Vic Fischer
Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: Dept. of Administration
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	1,006	2,303				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,006	2,303				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer, Director *SLP* Phone: 465-2041
Division: Telecommunications Services Date: March 15, 1983

Approved by Commissioner: *John... Parker* Date: March 15, 1983
Department: Administration

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

This fiscal detail is based on the following assumptions:

- 1) That toll-free telephone service will be available to all State agencies to which significant amounts of public access is required.
- 2) That such access is provided through Zenith numbers (automatic charge reversal) assigned to each identified agency.
- 3) That the agencies under consideration are located in Anchorage, Fairbanks, or Juneau.
- 4) The number of agencies, identified by the Department of Administration, Division of Telecommunications Services, as probably having significant public access requirements, and their locations are:

<u>Location:</u>	<u>Number of Agencies</u>
Anchorage	65
Fairbanks	56
Juneau	82
TOTAL	<u>227</u>

- 5) The average calls received would be 10 per day per office, at 5 minutes per call.
- 6) The average call cost will be \$2.75 (\$.55/minute)
- 7) That no additional positions, or telephone services will be required by agencies as a result of implementation of this system.

Based on these assumptions:

Basic Zenith charge	\$211/mo x 227	\$ 47,897
Toll charges	\$605/mo x 227	<u>137,335</u>
	MONTHLY TOTAL	185,232
	YEARLY TOTAL	2,222,780
	Publication and Advertising	<u>80,000</u>
	TOTAL	\$2,302,780

ATTACHMENT 1
to Fiscal Note on SB27 and SB42

The method of obtaining toll-free access to State agencies addressed in this fiscal note has the advantage of fairly rapid implementation without capital investment or the need for new positions, but it may not be the most efficient or cost-effective method over a longer period.

Alternative solutions are currently being investigated by the Telecommunications Divisions of the Department of Administration, but since these alternatives involve engineering study and more complex cost analyses, fiscal impact statements for these possibilities have not yet been developed.

Longer range plans for state government telecommunications service, provide for toll-free access to all state agencies through an integrated telephone system. Funding for a state telephone system for Anchorage, Phase 1 of the state plan, has been requested by the Department of Administration in its' FY84 Capital Budget.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSb27
 Title: Toll-Free Telephone Calls
 Sponsor: V. Fischer, Moss, Sturdelevski
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: ADMINISTRATION
 Program Category Affected: Gen. Govt.
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		52.1	54.7	57.4	60.3	96.1
200 TRAVEL						
300 CONTRACTUAL		2353.0	1000.0	1050.0	1102.5	500.0
400 COMMODITIES		2.0	2.1	2.2	2.3	3.7
500 EQUIPMENT		48.0	20.0	10.0	10.0	24.3
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2455.1	1076.8	1119.6	1175.1	624.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	3
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer, Director *SP* Phone: 465-2041
 Division: Telecommunications Services Date: 3-22-83

Approved by Commissioner: Lisa Rudd *LJR* Date: 3-22-83
 Department: Administration

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

ANALYSIS
Fiscal Note for
CSSB27

Toll-Free Telephone Calls

It is not possible to determine precisely the fiscal impact of this bill. This difficulty stems from the fact that the major costs of the program will be directly proportional to the amount of demand for the service (toll charges), and there is insufficient data on which predictions of demand can be made.

227 offices, located in Anchorage, Fairbanks and Juneau, have been identified as probably having significant need for citizen access. If the average toll calling rate is assumed to be 10 calls per day per office, toll charges would amount to approximately 1.6 million per year.

If calling activity actually does reach the levels predicted on the basis of the above assumptions, it will be an indication that an alternate system, such as one based on leased lines and special switching equipment or on services provided by other (than Alascom) common, or resale carriers.

Without capital investment or long range commitments, the most immediately implementable toll-free access systems would be to have agencies accept collect calls, or implement Zenith service. With Zenith service, the long distance operator puts calls directly through to the agency and automatically bills the agency; this service entails a monthly fixed cost (\$211.00) in addition to the toll charges.

From the standpoint of simplifying and enhancing citizen access, certain additional services would be desirable. These include wide advertising and promotion of the toll-free numbers to State agencies and a toll-free directory operator service.

Whether or not State Agencies will be able to absorb the cost of toll charges associated with free citizen access will depend on the level of calling that develops. For example, an agency in Juneau that receives 10 calls per day from South Central Alaska or beyond, would have additional phone billing of \$627.00 per month.

To ensure that funds will be available to pay the cost of toll-free services to various State agencies, the Department of Administration could appropriately manage a toll-free project. Therefore, the fiscal notes shows funds for an accounting clerk to handle the additional work the project would bring to the Division of Administrative Services.

Because of the perceived increase in calls to the present Juneau Centrex directory operator, should a toll-free directory service be established, an additional directory operator position is also shown.

The costs of immediately available (tariffed) service based on the previously stated assumptions are estimated as follows:

1. Zenith Lines to 227 Agencies (fixed cost @ \$211. per month)	\$ 574,764./year (Optional)
2. Zenith Line to Directory Operator (fixed cost @ \$211. per month plus 50 calls per day)	36,192./year
3. Toll Charges to 227 Agencies	1,650,552./year
<u>TOTAL</u> Tariffed long-line service costs <u>ONLY</u>	\$2,261,508./year

To have a reasonable assurance of providing an adequate level of toll free access, and ancillary services, would require 2.46 million dollars for the first year. This will provide for payment of collect calls to State agencies for one year and the associated administrative costs to the Department.

If the level of calling is such that reverse billing arrangements are not cost-effective, the Department of Administration will have obtained the data necessary to specify or design alternate systems and will still have funding to implement alternate systems prior to the end of FY84.

SUMMARY

Toll-free access to State government can be provided to selected State agencies and the State's directory operator located in the capital. Costs below pertain specifically to such a suggestion, per the language in SB27.

Personnel

Directory Operator (Range 3)	\$	25,000
Accounting Clerk (Range 10)		<u>27,100</u>
Subtotal	\$	<u><u>52,100</u></u>

Contractual

Telephone Costs (Fixed Zenith lines and toll charges)		\$2,261,508
Remodel Juneau Centrex Booth to accomodate two directory operators		8,000
Advertising & Publication		80,000
Space, Services		3,500
Subtotal		<u><u>\$2,353,008</u></u>

Commodities

\$ 2,000

Equipment

Automatic Call Director (for Directory Operator Service)	\$	10,000
Directory Data System		35,000
Office Equipment		3,000
Subtotal	\$	<u><u>48,000</u></u>

GRAND TOTAL (FY84 Request)		<u><u>\$2,455,110</u></u>
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STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSB27
 Title: Toll-free Telephone Calls
 Sponsor: Fischer
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Gen. Govt.
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		52.1	54.7	57.4	60.3	96.1
200 TRAVEL						
300 CONTRACTUAL		1,778.3	1,000.0	1,050.0	1,102.5	500.0
400 COMMODITIES		2.0	2.1	2.2	2.3	3.7
500 EQUIPMENT		48.0	20.0	10.0	10.0	24.3
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,880.4	1,076.8	1,119.6	1,175.1	624.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer
 Division: Telecommunications Services
 Approved by Commissioner: Lisa Rudd
 Department: Administration

Phone: 465-204
 Date: 3/25/83
 Date: 3/25/83

Distribution:

- Original to Legislative Finance
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- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

ANALYSIS
Fiscal Note for
CSSB27

Toll-Free Telephone Calls

It is not possible to determine precisely the fiscal impact of this bill. This difficulty stems from the fact that the major costs of the program will be directly proportional to the amount of demand for the service (toll charges), and there is insufficient data on which predictions of demand can be made.

227 offices, located in Anchorage, Fairbanks and Juneau, have been identified as probably having significant need for citizen access. If the average toll calling rate is assumed to be 10 calls per day per office, toll charges would amount to approximately 1.5 million per year.

If calling activity actually does reach the levels predicted on the basis of the above assumptions, it will be an indication that an alternate system, such as one based on leased lines and special switching equipment or on services provided by other (than Alascom) common, or resale, carriers should be considered.

Without capital investment or long range commitments, the most immediately implementable toll-free access systems would be to have agencies accept collect calls.

From the standpoint of simplifying and enhancing citizen access, certain additional services would be desirable. These include wide advertising and promotion of the toll-free numbers to State agencies and a toll-free directory operator service.

Whether or not State Agencies will be able to absorb the cost of toll charges associated with free citizen access will depend on the level of calling that develops. For example, an agency in Juneau that receives 10 calls per day from South Central Alaska or beyond, would have additional phone billing of \$627.00 per month.

To ensure that funds will be available to pay the cost of toll-free services to various State agencies, the Department of Administration could appropriately manage a toll-free project. Therefore, the fiscal notes shows funds for an accounting clerk to handle the additional work the project would bring to the Division of Administrative Services.

Because of the projected increase in calls to the present Juneau Centrex directory operator, should a toll-free directory service be established, an additional directory operator position is also shown.

The costs of immediately available (tariffed) service based on the previously stated assumptions are estimated as follows:

1. Zenith Line to Directory Operator (fixed cost @ \$211. per month plus 50 calls per day)	36,192./year
2. Toll Charges to 227 Agencies	1,650,552./year
<u>TOTAL</u> Tariffed long-line service costs <u>ONLY</u>	\$1,686,744./year

To have a reasonable assurance of providing an adequate level of toll free access and ancillary services would require 2.46 million dollars for the first year. This will provide for payment of collect calls to State agencies for one year and the associated administrative costs to the Department.

If the level of calling is such that reverse billing arrangements are not cost-effective, the Department of Administration will have obtained the data necessary to specify or design alternate systems and will still have funding to implement alternate systems prior to the end of FY84.

SUMMARY

Toll-free access to State government can be provided to selected State agencies and the State's directory operator located in the capital. Costs below pertain specifically to such a suggestion, per the language in SB27.

Personnel

Directory Operator (Range 8)	\$ 25,000
Accounting Clerk (Range 10)	27,100
Subtotal	<u>\$ 52,100</u>

Contractual

Telephone Costs	\$1,686,744
Remodel Juneau Centrex Booth to accomodate two directory operators	8,000
Advertising & Publication	80,000
Space, Services	3,500
Subtotal	<u>\$1,778,249</u>

Commodities

\$ 2,000

Equipment

Automatic Call Director (for Directory Operator Service)	\$ 10,000
Directory Data System	35,000
Office Equipment	3,000
Subtotal	<u>\$ 48,000</u>

GRAND TOTAL \$1,880,349
(FY84 Request)

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SB 27 SB 42
 Title: Relating to toll-free telephone calls
 Sponsor: Senator Vic Fischer
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: Dept. of Administration
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	1,006	2,303				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	1,006	2,303				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer, Director *SLP* Phone: 465-2041
 Division: Telecommunications Services Date: March 15, 1983
 Approved by Commissioner: *[Signature]* Date: March 15, 1983
 Department: Administration

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

This fiscal detail is based on the following assumptions:

- 1) That toll-free telephone service will be available to all State agencies to which significant amounts of public access is required.
- 2) That such access is provided through Zenith numbers (automatic charge reversal) assigned to each identified agency.
- 3) That the agencies under consideration are located in Anchorage, Fairbanks, or Juneau.
- 4) The number of agencies, identified by the Department of Administration, Division of Telecommunications Services, as probably having significant public access requirements, and their locations are:

<u>Location</u>	<u>Number of Agencies</u>
Anchorage	89
Fairbanks	56
Juneau	82
TOTAL	<u>227</u>

- 5) The average calls received would be 10 per day per office, at 5 minutes per call.
- 6) The average call cost will be \$2.75 (\$.55/minute)
- 7) That no additional positions, or telephone services will be required by agencies as a result of implementation of this system.

Based on these assumptions:

Basic Zenith charge	\$211/mo x 227	\$ 47,897
Toll charges	\$605/mo x 227	<u>137,335</u>
MONTHLY TOTAL		185,232
YEARLY TOTAL		2,222,780
Publication and Advertising		80,000
TOTAL		<u>\$2,302,780</u>

ATTACHMENT 1
to Fiscal Note on SB27 and SB42

The method of obtaining toll-free access to State agencies addressed in this fiscal note has the advantage of fairly rapid implementation without capital investment or the need for new positions, but it may not be the most efficient or cost-effective method over a longer period.

Alternative solutions are currently being investigated by the Telecommunications Divisions of the Department of Administration, but since these alternatives involve engineering study and more complex cost analyses, fiscal impact statements for these possibilities have not yet been developed.

Longer range plans for state government telecommunications service, provide for toll-free access to all state agencies through an integrated telephone system. Funding for a state telephone system for Anchorage, Phase 1 of the state plan, has been requested by the Department of Administration in its' FY84 Capital Budget.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB97
 Title: Toll-Free Telephone Calls
 Sponsor: Iacher
 Requestor: House State Affairs

II. FISCAL DETAIL

Agency Affected: ADMINISTRATION
 Program Category Affected: Gen. Govt.
 BRU, Program of Subprogram(s) Affected

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		52.1	54.7	57.4	60.3	96.1
200 TRAVEL						
300 CONTRACTUAL		2353.0	1000.0	1050.0	1102.5	500.0
400 COMMODITIES		2.0	2.1	2.2	2.3	3.7
500 EQUIPMENT		48.0	20.0	10.0	10.0	24.3
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		243.1	1076.8	1179.6	1175.1	624.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	3
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer, Director
 Division: Telecommunications Services

Phone: 465-2041
 Date: 3-22-83

Approved by Commissioner: Lisa Rudd
 Department: Administration

Date: 3-22-83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
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ANALYSIS
Fiscal Note for
HB97

Toll-Free Telephone Calls

It is not possible to determine precisely the fiscal impact of this bill. This difficulty stems from the fact that the major costs of the program will be directly proportional to the amount of demand for the service (toll charges), and there is insufficient data on which predictions of demand can be made.

227 offices, located in Anchorage, Fairbanks and Juneau, have been identified as probably having significant need for citizen access. If the average toll calling rate is assumed to be 10 calls per day per office, toll charges would amount to approximately 1.6 million per year.

If calling activity actually does reach the levels predicted on the basis of the above assumptions, it will be an indication that an alternate system, such as one based on leased lines and special switching equipment or on services provided by other (than Alascom) common, or resale carriers.

Without capital investment or long range commitments, the most immediately implementable toll-free access systems would be to have agencies accept collect calls, or implement Zenith service. With Zenith service, the long distance operator puts calls directly through to the agency and automatically bills the agency; this service entails a monthly fixed cost (\$211.00) in addition to the toll charges.

From the standpoint of simplifying and enhancing citizen access, certain additional services would be desirable. These include wide advertising and promotion of the toll-free numbers to State agencies and a toll-free directory operator service.

Whether or not State Agencies will be able to absorb the cost of toll charges associated with free citizen access will depend on the level of calling that develops. For example, an agency in Juneau that receives 10 calls per day from South Central Alaska or beyond, would have additional phone billing of \$627.00 per month.

To ensure that funds will be available to pay the cost of toll-free services to various State agencies, the Department of Administration could appropriately manage a toll-free project. Therefore, the fiscal notes shows funds for an accounting clerk to handle the additional work the project would bring to the Division of Administrative Services.

Because of the perceived increase in calls to the present Juneau Centrex directory operator, should a toll-free directory service be established, an additional directory operator position is also shown.

The costs of immediately available (tariffed) service based on the previously stated assumptions are estimated as follows:

1. Zenith Lines to 227 Agencies (fixed cost @ \$211. per month)	\$ 574,764./year (Optional)
2. Zenith Line to Directory Operator (fixed cost @ \$211. per month plus 50 calls per day)	36,192./year
3. Toll Charges to 227 Agencies	1,650,552./year
<u>TOTAL</u> Tariffed long-line service costs <u>ONLY</u>	\$2,261,508./year

To have a reasonable assurance of providing an adequate level of toll free access, and ancillary services, would require 2.46 million dollars for the first year. This will provide for payment of collect calls to State agencies for one year and the associated administrative costs to the Department.

If the level of calling is such that reverse billing arrangements are not cost-effective, the Department of Administration will have obtained the data necessary to specify or design alternate systems and will still have funding to implement alternate systems prior to the end of FY84.

SUMMARY

Toll-free access to State government can be provided to selected State agencies and the State's directory operator located in the capital. Costs below pertain specifically to such a suggestion, per the language in HB97.

<u>Personnel</u>		
Directory Operator (Range 8)		\$ 25,000
Accounting Clerk (Range 10)		27,100
	Subtotal	<u>\$ 52,100</u>
<u>Contractual</u>		
Telephone Costs (Fixed Zenith lines and toll charges)		\$2,261,508
Remodel Juneau Centrex Booth to accomodate two directory operators		8,000
Advertising & Publication		80,000
Space, Services		3,500
	Subtotal	<u>\$2,353,008</u>
<u>Commodities</u>		<u>\$ 2,000</u>
<u>Equipment</u>		
Automatic Call Director (for Directory Operator Service)		\$ 10,000
Directory Data System		35,000
Office Equipment		3,000
	Subtotal	<u>\$ 48,000</u>
	GRAND TOTAL (FY84 Request)	<u>\$2,455,110</u>

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: HB81
 Title: Toll-Free Telephone Calls
 Sponsor: Malone
 Requestor: House State Affairs

II. FISCAL DETAIL

Agency Affected: ADMINISTRATION
 Program Category Affected: Gen. Govt.
 BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		52.1	54.7	57.4	60.3	96.1
200 TRAVEL						
300 CONTRACTUAL		2353.0	1000.0	1050.0	1102.5	500.0
400 COMMODITIES		2.0	2.1	2.2	2.3	3.7
500 EQUIPMENT		48.0	20.0	10.0	10.0	24.3
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2455.1	1076.8	1119.6	1175.1	624.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		2	2	2	2	3
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Sioux Plummer, Director *Shp* Phone: 465-2041
 Division: Telecommunications Services Date: 3-22-83

Approved by Commissioner: Lisa Rudd *L.R.* Date: 3-22-83
 Department: Administration

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
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ANALYSIS
Fiscal Note for
HB81

Toll-Free Telephone Calls

It is not possible to determine precisely the fiscal impact of this bill. This difficulty stems from the fact that the major costs of the program will be directly proportional to the amount of demand for the service (toll charges), and there is insufficient data on which predictions of demand can be made.

227 offices, located in Anchorage, Fairbanks and Juneau, have been identified as probably having significant need for citizen access. If the average toll calling rate is assumed to be 10 calls per day per office, toll charges would amount to approximately 1.6 million per year.

If calling activity actually does reach the levels predicted on the basis of the above assumptions, it will be an indication that an alternate system, such as one based on leased lines and special switching equipment or on services provided by other (than Alascom) common, or resale carriers.

Without capital investment or long range commitments, the most immediately implementable toll-free access systems would be to have agencies accept collect calls, or implement Zenith service. With Zenith service, the long distance operator puts calls directly through to the agency and automatically bills the agency; this service entails a monthly fixed cost (\$211.00) in addition to the toll charges.

From the standpoint of simplifying and enhancing citizen access, certain additional services would be desirable. These include wide advertising and promotion of the toll-free numbers to State agencies and a toll-free directory operator service.

Whether or not State Agencies will be able to absorb the cost of toll charges associated with free citizen access will depend on the level of calling that develops. For example, an agency in Juneau that receives 10 calls per day from South Central Alaska or beyond, would have additional phone billing of \$627.00 per month.

To ensure that funds will be available to pay the cost of toll-free services to various State agencies, the Department of Administration could appropriately manage a toll-free project. Therefore, the fiscal notes shows funds for an accounting clerk to handle the additional work the project would bring to the Division of Administrative Services.

Because of the perceived increase in calls to the present Juneau Centrex directory operator, should a toll-free directory service be established, an additional directory operator position is also shown.

The costs of immediately available (tariffed) service based on the previously stated assumptions are estimated as follows:

1. Zenith Lines to 227 Agencies (fixed cost @ \$211. per month)	\$ 574,764./year (Optional)
2. Zenith Line to Directory Operator (fixed cost @ \$211. per month plus 50 calls per day)	36,192./year
3. Toll Charges to 227 Agencies	1,650,552./year
<u>TOTAL</u> Tariffed long-line service costs <u>ONLY</u>	\$2,261,508./year

To have a reasonable assurance of providing an adequate level of toll free access, and ancillary services, would require 2.46 million dollars for the first year. This will provide for payment of collect calls to State agencies for one year and the associated administrative costs to the Department.

If the level of calling is such that reverse billing arrangements are not cost-effective, the Department of Administration will have obtained the data necessary to specify or design alternate systems and will still have funding to implement alternate systems prior to the end of FY84.

SUMMARY

Toil-free access to State government can be provided to selected State agencies and the State's directory operator located in the capital. Costs below pertain specifically to such a suggestion, per the language in HB81.

Personnel

Directory Operator (Range 8)	\$ 25,000
Accounting Clerk (Range 10)	27,100
Subtotal	\$ 52,100

Contractual

Telephone Costs (Fixed Zenith lines and toll charges)	\$2,261,508
Remodel Juneau Centrex Booth to accomodate two directory operators	8,000
Advertising & Publication	80,000
Space, Services	3,500
Subtotal	\$2,353,008

Commodities

\$ 2,000

Equipment

Automatic Call Director (for Directory Operator Service)	\$ 10,000
Directory Data System	35,000
Office Equipment	3,000
Subtotal	\$ 48,000

GRAND TOTAL (FY84 Request)	\$2,455,110
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SUGGESTED MODEL

for

TOLL-FREE ACCESS TO STATE GOVERNMENT and EXPANDED INFORMATION SERVICES

Legislative Intent:

It is the intent of the Legislature that existing State government information services and facilities be expanded and promoted in the following manner:

1. The Department of Administration shall establish a toll-free Zenith number to the Juneau Centrex Operator for the purpose of providing State government directory numbers only. It is not intended that calls then be transferred to individuals or agencies. Annual Cost: \$37,000
2. The Department of Administration shall study, in consultation with the Legislative Branch, all existing information services and Zenith telephone numbers for the purpose of routinely advertising said services and numbers via newspaper, radio, commercial television, and the two State television channels known as ITV (LEARN/Alaska) and TVP (entertainment and news). Annual Cost: \$20,000
3. Funds in the amount of \$150,000 shall be provided to the Department of Administration to operate the electronic mail interconnection ("Tymnet") system for improved and greater access to existing State electronic mail systems.
4. In order to develop telephone traffic studies, the Department of Administration shall administer and monitor a pilot program whereby certain agencies within each Executive Branch Department will accept collect-calls from the public. This pilot program will begin July 1, 1983 and end March 1984, after which, the Department will determine the most appropriate permanent method of toll-free access for Statewide callers. The permanent method shall become effective July 1, 1984. Number of agencies participating shall be determined by funding in the amount of \$400,000 (approximately 75 in Juneau, Anchorage and Fairbanks).

MEMORANDUM

State of Alaska

TO: Legislative Budget Review Committee

DATE: March 11, 1983

FILE NO:

TELEPHONE NO:

FROM: Sioux Plummer, Director *SP*
Division of Telecommunications Services
Department of Administration

SUBJECT: 465-2041
"Toll-Free"
Legislation

Thru: Lisa Rudd, Commissioner
Department of Administration

The attached information is the result of our discussion at the Legislative Budget Review Committee meeting on Saturday, March 5, and in response to Mr. Crawford's instructions for the Department to proceed with plans to implement "a toll-free information operator service."

We are concerned that we have a clear understanding of the Governor's intent. There are many toll-free access options and significant differences in costs and levels of service. In particular, the terms "directory operator" and "information operator" are sometimes interchanged and therefore cause unintended confusion. We are hopeful this information will clear up any potential misunderstanding.

The attachment includes the Department's recommendations in the matter. If they indeed concur with the Governor's intent, we will appreciate being so advised.

SP/bb
Attachment:

SUMMARY OF TOLL FREE OPTIONS

Over the past year the Division of Telecommunications Services has looked at various possibilities for improving citizen access to their State government through the public telephone network. These possibilities ranged from a limited information and directory service, to direct toll-free access to all State agencies.

Our options are somewhat limited by the fact that the State does not have an integrated government telephone network, and the lack of special intrastate bulk-rate telephone service offerings by Alascom or other carriers. Without considerable capital expenditure or long-term financial commitments, These conditions limit our immediate options to use of the regular toll-telephone network, and inhibit our ability to provide a single number through which citizens can access any agency.

The cost estimates contained in the brief descriptions that follow are somewhat speculative since we have little or no data on which to base assumptions of the amount of calls to be handled.

1. Single Directory Operator. Under this option the State would provide directory operator service accessible to the public through a toll-free (Zenith) number. This operator would provide directory service only, giving callers the location and phone number of agencies they need to contact. This operator could be located anywhere, and the service could be provided on a contract basis by a private concern. Operators, however, would have to be very knowledgeable about State government operations and programs.

The cost estimates for this service are based on the assumptions that the operator is located in Juneau, that the operator will handle 150 calls per day with a 1-minute holding time.

	Annual	One-Time
Operator Costs	44,513	
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs	100,000	
Equipment		10,000
TOTALS	\$147,045	\$18,000

2. Directory and Call Transfer Service. (Juneau only). This option would provide state-wide directory information as in Option (1) and, in addition, operators would transfer calls directly to agencies in Juneau. This option is available only in Juneau because this is the only location where most offices are on the same centrex system. This would be considerably more expensive than directory-only service since it is expected that a considerable amount of routine traffic now coming into Juneau would shift to the toll-free number, thereby increasing operator requirements and toll costs.

	Annual	One-Time
Operator Costs	<u>59,350</u>	<u> </u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (400/day)	920,040	
Equipment		10,000
TOTALS	<u>\$981,922</u>	<u>\$18,000</u>

3. Information Operators. This service would be an expansion of straight directory service in that operators would provide more information directly to callers and would take requests for information and forward them to agencies for appropriate response. Operators could be centrally located or located regionally such as in Anchorage, Fairbanks and Juneau. This would be more expensive than a simple directory service because holding times would be longer, more operators would be required and operators would have to be highly trained and knowledgeable. Regionalizing the service would reduce toll costs but would increase personnel and facility costs. The Governor's Office in Anchorage is presently providing information service, but does not provide toll-free access.

The following cost estimates are based on the assumption that the service is located in Juneau.

	ANNUAL	ONE-TIME
Operator Costs	<u>59,350</u>	<u> </u>
Construction		8,000
Zenith Service Charge	2,532	
Toll Costs (200/day)	132,600	
TOTALS	<u>\$194,482</u>	

4. Toll-Free Service Directly to Agencies. This could be accomplished simply by directing all agencies to accept collect calls or establish zenith service to the appropriate numbers. This would be the most expensive option, but it would provide full access to all agencies from citizens anywhere. One problem associated with immediate implementation of this service is that agencies will not have been able to budget for increased telephone costs. Zenith service is more convenient to the caller, but provides a potential for abuse since agencies have no way to screen inappropriate calls. If properly implemented and managed, this type of service could provide data on traffic levels and patterns that would be useful in designing a permanent system of toll-free access.

The estimated costs for this service are base on the assumptions that 227 agencies will receive 10 5-minute calls per day.

	ANNUALLY
Zenith Service	\$2,222,784
Collect Calls	1,648,020

5. Other Options. The options listed previously are only those which can be implemented fairly rapidly without large capital expenditures, long-term contracts, or other financial commitments.

An integrated State Telephone System connecting state agencies in Anchorage, Fairbanks and Juneau could provide direct telephone access to major state offices for most of the population through local calls. To implement such a system will require considerable expenditure, time and money for planning, design, procurement and construction. The Department's 5-year plan for telephone communications includes a 3-city telephone system.

The State could solicit private industry for proposals to set up and operate a system to provide toll-free access to state offices. The present difficulty with this, in the eyes of the Department, is that without better data than we now have, it would not be possible to specify parameters in terms of traffic handling requirements or to knowledgeable evaluate proposals in a knowledgeable manner.

A mini-network to handle public calls only could be constructed by the State. This would be similar in layout to the tri-city network of the 5-year plan, but would be limited, in configuration and capacity, to handling calls from the public. This would require time, and money for engineering, implementation and as operation. As with other system options, the difficulty lies in trying to design an effective system without clear knowledge of traffic handling requirements.

Recommendations

The Department of Administration recommends the following:

1. Establish directory information operations in Anchorage, (Governor's office) and Juneau, (see Toll-Free study, attached). FY 84 cost: \$38,000 capital, \$170,000 operating.
2. Set up a toll-free calling (to agencies) pilot program. When sufficient data has been collected, the Department will recommend a longer-term program. FY 84 cost: \$1,648,020.
3. Continue toward development and implementation 5-year telephone switch. FY 84 cost: 1 million.

TM/bb

*from early
cost*

INTENT OF SB27 SB42 HB97 IS TO IMPROVE ACCESS TO STATE
GOVERNMENT

PROPOSED SOLUTION

TOLL-FREE TELEPHONE CALLS

THIS SOLUTION HAS A NUMBER OF LIMITATIONS:

1. HIGH ASSOCIATED COST
2. ADDITIONAL BUREAUCRACY
3. LIMITED DIRECTORY ASSISTANCE
4. HIGH PROBABILITY OF THE PERSON NOT BEING AVAILABLE TO
TAKE THE CALL
5. BUSY TELEPHONE LINES
6. DIFFICULTY MONITORING COST EFFECTIVENESS OF SYSTEM

ECV.104
4/4/83

ALTERNATIVE APPROACH

TOLL-FREE ACCESS TO LEGISLATIVE INFORMATION OFFICES AND THE USE OF THE EXISTING ELECTRONIC MAIL SYSTEM SERVICES EXTENDED TO THE OTHER BRANCHES OF GOVERNMENT

HOW THE SYSTEM COULD WORK

1. PUBLIC ADVERTISING OF THE LEGISLATIVE INFORMATION OFFICES TELEPHONE NUMBERS VIA STATE TV AND LOCAL MEDIA.
2. ESTABLISHING AN ELECTRONIC MAIL LINK BETWEEN THE 300 LEGISLATIVE TERMINALS AND THE 1500 EXECUTIVE BRANCH TERMINALS ATTACHED TO THEIR IBM DATA CENTERS.
3. PUBLICATION OF A DIRECTORY OF THE STATE AGENCY OFFICES AND THE FUNCTIONS THAT THEY PERFORM AS WELL AS THEIR ELECTRONIC MAIL ADDRESSES.
4. TOLL-FREE CALLS INTO ANY PERMANENT LEGISLATIVE INFORMATION OFFICE, WHERE THE INQUIRY IS FORWARDED ELECTRONICALLY TO THE APPROPRIATE OFFICE. CONFIRMATION OF RECEIPT OF THE INQUIRY. THE RECEIVING AGENCY IS THEN RESPONSIBLE TO DETERMINE THE FORM THE RESPONSE SHOULD TAKE, EITHER A TELEPHONE CALL OR A MAILED RESPONSE.
5. WHERE DIALOG IS NECESSARY THE AGENCY COULD CALL THE REQUESTOR THUS POTENTIALLY REDUCING THE TELEPHONE CALLS NECESSARY AND ELIMINATING ADDITIONAL BUREAUCRACY.

ADDITIONAL CONSIDERATIONS

1. THE EXECUTIVE BRANCH IS EXPLORING THE ESTABLISHMENT OF A LINK BETWEEN ALL OF THE EXISTING STATE ELECTRONIC MAIL SYSTEMS. THEY CURRENTLY HAVE A PROPOSAL FROM A PRIVATE FIRM TO PROVIDE THIS SERVICE. THIS WOULD ADD:

THE UNIVERSITY SYSTEM

MARINE HIGHWAYS

RURAL EDUCATION NETWORK

60.0

- * 2. EXPLORATION OF A VOICE MAIL PILOT IN THE LEGISLATURE WOULD ALSO ENHANCE THIS APPROACH BY PROVIDING: 72.9
INTERNAL LEGISLATIVE TELEPHONE COMMUNICATIONS
PUBLIC ACCESS TO COMMITTEE SCHEDULES AND INFORMATION
PLANS CALL FOR THE INTEGRATION OF THESE TECHNOLOGIES IN THE LEGISLATIVE NETWORK
3. DIAL UP COMPUTER ACCESS COULD BE PROVIDED IN JUNEAU, ANCHORAGE, AND FAIRBANKS TO THIS NETWORK FOR PUBLIC USE. 10.0
4. CONTINUED EXPANDED USE OF THE EXISTING TELECONFERENCE NETWORK WILL ALSO PROVIDE OPTIONS FOR CONTACT WITH STATE GOVERNMENT. THIS APPROACH WILL IMPROVE AWARENESS OF THEIR EXISTANCE AND SERVICES.
5. COLLECT CALLS TO INFORMATION OFFICES 50.0

* TOTAL PURCHASE COST OF HARDWARE 188.0

ADVANTAGES

1. USING EXISTING DEDICATED NETWORKS, STAFF, AND HARDWARE
2. LOW STARTUP COSTS
3. PRINTED QUESTIONS AND VERIFICATION OF DELIVERY (USE CAN BE TRACKED)
4. DIRECTORY ASSISTANCE, HELP WITH FORMULATION OF QUESTION
5. ELECTRONIC MAIL ACCESS TO HUNDREDS OF EXISTING LOCATIONS
6. HIGH POTENTIAL FOR REACHING A LARGE PERCENTAGE OF THE POPULATION
7. HIGH PERCENTAGE OF LOCAL CALLS VS LONG DISTANCE
8. ELIMINATES POTENTIAL FOR ABUSE, SCREENING OF FRIVOLOUS CALLS AND HARRASING CALLS

MEMORANDUM

State of Alaska

TO: Honorable Bill Sheffield
Governor-elect

DATE: December 3, 1982

FILE NO:

TELEPHONE NO: 465-2200

FROM: Lisa Rudd *LS*
Commissioner-designee
Department of Administration

SUBJECT: Improved Telephone
Access to State
Government - Interim
Options

The Department of Administration is planning a telephone network which will, in the next few years, improve telephone access to State government.

In the meantime, however, there are short-term solutions to the access issue which can be implemented at relatively low cost before the long-term plans are completed. There are two major items which can be addressed now:

- A) Develop the Juneau Centrex operator's office to include an information service.
- B) Install a toll-free (Zenith) telephone line to the new Juneau Information Service.

Develop Juneau Information Center

Juneau already has the first portion of the long-term network because of the Centrex telephone system that is in place now. Along with that system there is a Centrex Operator located on the lobby level of the State Office Building. The operator's primary duty is to answer directory assistance calls that ring on her switchboard. She does not officially act as an information operator, but does provide limited information without special resources available to her as time and her own knowledge permit. There is very little time, however, to extend this extra service due to the high volume of directory calls. In October 1982, (last month), the Centrex Operator handled 6,157 calls, 36% of which were long distance.

December 3, 1982

It is recommended that another operator be placed in the highly visible State Office Building lobby booth, with the Centrex Directory Operator. This operator would handle information calls and inquiries from the public who frequently pass by the booth.

Zenith Lines

Zenith telephone numbers merely provide long distance calling by reversing the charges. The State would pay for incoming information calls rather than the individual long distance caller having to pay. A flat fee per month is charged by Alascom for the dedicated toll-free number, as well as a charge by the local interconnecting telephone utility.

It is recommended that one Zenith line be installed in Juneau at a total annual cost for the line of about \$3,400.00.

Additional cost to the State would be for the actual calls. Typical costs would be about \$70,000.00 per year, Installation is a one-time charge of \$32,000.00 and includes equipment, booth remodeling, advertising and training.

A further recommendation is to advertise this service widely throughout the State, particularly with newspaper and short television spots. The television spots can be inexpensively created right in the Governor's own Media Center, with the Governor announcing the service himself, and shown on the State TVP channel as well as urban stations.

Budget

The following is a breakdown for the needed funding:

FY '83 (Assuming Juneau Information Services could begin
February 1, 1983)

1) One-time start-up costs, (including equipment, advertising, utility installations, training and some structural modification to Juneau Centrex booth)	\$ 32,000.00
2) Salary for Information Operator (5 months @ Range 10)	\$ 8,365.00
3) Zenith Lines for 5 months	\$ 1,055.00
4) Approximate toll charges for 5 months	\$ <u>29,100.00</u>
TOTAL FOR FY '83	\$ 70,520.00

December 3, 1982

FY '84 (Annual Operating Costs)

1) Salary for Information Operator @ Range 10	\$ 20,076.00
2) Directory listings	\$ 288.00
3) Approximate toll charges	\$ 70,000.00
4) Zenith line and utility costs	\$ <u>3,400.00</u>
TOTAL FOR FY '84	\$ 93,764.00

The FY '83 cost can be covered by \$50,000.00 from the Department of Administration's funds. An additional \$20,520.00 will be required from the Governor's funds.

The FY '84 cost should be added as an increment to the FY '84 budget submitted to the Legislature.

It is anticipated that, if this project is authorized immediately, it can be operational February 1, 1983.

LR/mjc

"TOLL-FREE" ACCESS TO STATE GOVERNMENT
 Developed by Division of Telecommunications Services
 Department of Administration
 April 19, 1983

VARIOUS OPTIONS	FY84 ANNUAL COSTS	TYPE OF SERVICE	CITIZEN ACCESS POINTS	GOVERNMENT DESTINATIONS
Promote & advertise existing information services on TVP, ITV, in newspapers, radio. (See Attachment: "Existing Services")	\$20,000	State government information services via telephone to local or regional offices; public opinion messages by electronic mail; inquiries referred to legislature, Governor, State Agencies.	Legislative Information Offices, Offices of the Governor and telephone.	Legislators, Legislative Affairs Agency, Office of the Governor, selected State Agencies.
Toll-Free Zenith number to existing Centrex Directory Operator in Juneau.	\$36,192.00 (fixed monthly charge + 50 calls per day).	Directory Service for State telephone numbers only.	Any telephone through long-distance operator.	Directory operator for Juneau only numbers.
Toll-Free Zenith Number to Legislative (only) operator.	\$78,400.00 (Zenith service, equipment and 100 calls per day)	Legislative Information Service only; referrals to legislators when necessary.	Any telephone via long-distance operator.	Legislative Affairs Agency, Juneau.
Expand existing L.A.A. electronic mail system (OMNICOM) to interconnect with other electronic mail systems: U of A, Marine Highway & Rural Education Network.	\$60,000	Data terminal to data terminal.	19 state-wide Legislative Information Offices and 1 L.I.O. in Washington, D.C.	Legislative Information Offices, University of Alaska (many locations), ferry system offices, Department of Education and state-wide school districts. (300 legislative terminals and 1500 Executive Branch terminals).
Interconnect all existing State electronic mail systems to form one system plus have access to "Tymnet" system, an international data base.	\$150,000 (capital funds already exist)	Data terminal to data terminal.	Legislative Information Offices, Governor's Offices, University of Alaska, school districts.	Same as origination locations plus, Department of Education, Department Administration, Marine Highway, Legislative and Executive Branch Data Centers and terminals (300 legislative terminal and 1500 Executive Branch terminals).