

Department of Defense Recommended Sale of ACS to RCA Communications

ELMENDORF AFB, Alaska—The Department of Defense announced last Friday that it has recommended to the President the sale of the Air Force-operated Alaska Communication System to RCA Global Communications.

This system provides the long-distance telephone and telegraph service for the general public in Alaska. It has been operated for the people of Alaska by our defense establishment since the first military telegraph line to Alaska was surveyed in 1901 by General then Lieutenant, Billy Mitchell.

The price to be paid to the federal government by RCA would

be about \$28,430,000. This amount would be adjusted to repay the government for all ACS improvements made by the government before the actual transfer date—which will be about a year from now.

The Air Force will also sell a local telephone exchange at Healy, Alaska, to the Matanuska Telephone Association; a local telephone company, for just over five thousand dollars.

These purchase prices, however,

represent less than one-third of the sale benefits.

In addition to requiring bidders to pay the current fair value for any government property they wanted to buy, the bidders were to specify how much they would spend for capital improvements in the first three years of operations, and what rate reductions they would make.

This sale plan was worked out by the Air Force and the state of Alaska together. Moreover, state officials designated by Governor Miller of Alaska have worked closely with the Air Force throughout the evaluation of offers.

Matanuska has guaranteed to expend \$167,000 on improvements at Healy.

RCA has guaranteed to expend \$27,683,000 on system improvements including:

Direct distance dialing beginning in 1970 and extending statewide by mid-1971.

New telephone service to 124

small communities which now have no service or have only "bush phone" radio service.

A new wideband microwave system connecting the major population areas of the state with the planned COMSAT Earth Station at Talkeetna, Alaska, and capable of TV transmission.

RCA has also offered to reduce rates by over 29 per cent, which will save the people of Alaska forty million dollars over the first three years of RCA operation when compared to the present rates. This will include a new one dollar after-midnight rate.

Very worthwhile proposals were received from three other companies; however, only RCA was at or near the top in all three categories: investment in system improvement, rate reductions, and price to the Government.