

Action to install the remaining program of 17 switches continues. Of these, 10 will be in the European area, six in the Pacific and one in Panama. These switches will be cut over into operations in groups as follows:

Cut 1: Two in Germany and one each in United Kingdom, Italy, Panama, and Hawaii in November 1968.

Cut 2: Two in Germany and 1 each in United Kingdom, Spain, Guam, and Philippines in May 1969.

Cut 3: One each in Italy, Greece, Japan, Okinawa, and Taiwan in October 1969.

Mr. DAHLIN. Does each switch have to be approved by the Secretary of Defense?

General KLOCKO. No, sir. The location of these generally, are based on recommendations and requirements from the users. Passed on by JCS as a package and sent to offices of the Secretary of Defense.

Mr. ROBACK. Does the location of the switch have an operational significance, or is it political?

General KLOCKO. Operational significance.

Mr. ROBACK. It might be more efficient to be in one part of Germany than another, if it were located there?

General KLOCKO. Yes. It is located according to the subscribers, the needs of the military commands.

Mr. ROBACK. What difference does it make whether you put the switch bank or whatever you call the switch network in Weisbaden or put it in Bonn, let's say? Outside of the convenience of having a facility there and personnel stationed there?

General KLOCKO. The switches locations are generally determined by the subscriber densities. You have to pay for the lines into the switch and the closer you have the switch to a major grouping of subscribers, the less costly the system.

Mr. DAHLIN. Did it require new land and facilities in each case? Is that why it is a major problem on the location of each one?

General KLOCKO. No. By and large, they are on existing military bases overseas. There weren't any problems. Are you talking about these 17 switches?

Mr. DAHLIN. Yes.

General KLOCKO. By and large, they are put on military bases close to the —

Mr. ROBACK. What is the switch? Is it a whole series of black boxes?

General KLOCKO. It looks like a data processing installation.

Mr. ROBACK. Is it big? Are there acres of these things, or —

General KLOCKO. Oh, no. One would fit in a room this size.

Concerning costs, the annual leased cost of the CONUS portion will go from \$62.8 million in 1968 to \$140.2 million by fiscal year 1972 when the 65 U.S. switches are operational. These costs cover switches, interswitch trunks, and access lines.

The investment cost for the overseas portion when completed is estimated at \$90.7 million—\$84.2 million procurement and \$6.5 million for construction. This cost includes purchases of 21 operational and one training switch; modifications of private branch exchanges—PRX—to interface with the network; expansion of technical facilities; station reconfigurations; system engineering; contractor maintenance and support equipment and initial spares and publications.