

The annual operating cost for this overseas AUTOVON are estimated to reach \$17 million by 1972 when the system will be completely operational. Of this figure, \$2.9 million will cover military personnel and \$14.1 million covering leased backbone and access line costs.

For offsets, the activation of the AUTOVON in CONUS has permitted economies by the elimination or integration of dedicated nets such as SAGE/BUIC, reduction in tolls and wide area telephone service.

Further reductions in dedicated nets and Government facilities will be possible as the overseas program becomes operational.

Mr. ROBACK. Let me ask a question there, General. The dedicated nets in certain cases can be eliminated so that economies can be effected. Are there any dedicated nets for logistics?

General KLOCKO. Not that I know of.

Mr. ROBACK. I won't take time to develop it now, but I want to discuss after the conclusion of your statement, the communications requirement for logistics systems.

General KLOCKO. Yes. They are very considerable.

Mr. ROBACK. The lease cost for the AUTOVON, does this include the actual telephone bill? Or is that a separate charge? You're talking about a lease cost being \$140 million in fiscal 1972 for these switches. This doesn't include the traffic cost, does it?

General KLOCKO. Yes, it's the switches and transmission paths.

Mr. ROBACK. What other telephone bills do you pay in the United States?

General KLOCKO. Pardon me?

Mr. ROBACK. Besides these leasing costs, what telephone bills do you pay in the United States for military purposes?

General KLOCKO. The services have some other costs. For instance, SAC has a PAS, primary alerting system.

Mr. ROBACK. When you talk about AUTOVON, the use of that system, does the lease cost include the use of the system?

General KLOCKO. Yes, sir.

Mr. ROBACK. So there is no service charge on top of the leasing cost?

General KLOCKO. No, sir. The leasing cost includes the trunks, switches and the access lines into the system. It is generally the backbone net.

Mr. ROBACK. If one asked what was your domestic telephone bill outside of special systems, roughly this is the cost of the telephone service?

General KLOCKO. Almost completely. On an industrial fund, I might say, also.

Mr. ROBACK. Under an industrial fund?

General KLOCKO. Yes.

Mr. ROBACK. In other words, the moneys are paid into the fund?

General KLOCKO. Yes.

Mr. ROBACK. Does the fund carry itself?

General KLOCKO. Yes, sir.

Mr. ROBACK. How are the tariffs determined? In other words, is there a special rate for the Government or is this a commercial tariff?

General KLOCKO. This is a completely Government system, so we lease it under commercial tariffs and then spread the lease costs of the system among the subscribers.

Mr. ROBACK. Do you negotiate a tariff?