TAT-5 AND MAT-1 CIRCUIT ALLOCATIONS

SPAIN-ITALY MICROWAVE AND CABLE SYSTEMS

Carriers	Categories I, II, III, IV, V, IX, X, XI, XII: Half	Equivalent Whole	Whole only	Totals in these categories	Category VII	Total in all categories	Percent of total
A.T. & T.	154	77		77	73	150	35.9712
RCA	8	4		4	21	25	5.9952
ITTW	8	4		4	17	21	5.0360
WUI	8	4		4	17	21	5.0360
CTNE[1]	46	23		23		23	5.5156
ENTEL	2	1		1		1	0.2398
CRPM	24	12		12		12	2.8777
Italcable	250	125	18	143		143	34.2925
Reserved					21	21	[2] 5.0360
Total				268	149	417	100.0000

[1] The allocations to the overseas carriers and their corresponding contributions are shown only to present a complete view of the entire segment.

[2] One-fourth of this, or 1.259 percent, will be added to the percentage of each carrier, A.T. & T., RCA, ITTW, and WUI shown above to compute that carrier's total initial contribution for this segment of the project.

TRANSATLANTIC CABLE (II)

DISSENTING OPINION OF COMMISSIONER NICHOLAS JOHNSON

The Commission here formally acknowledges and approves by order what it invited by "informal letter" to A.T. & T. last February—authorization for the building of a new transatlantic cable between the United States and Spain with connections to Portugal and Italy. I dissented to that decision because there was no economic justification for building the cable. Despite the opportunity to make such a case during the interim, the applicants and the Commision have not been able to do so and I therefore adhere to my dissent of last February. See A.T. & T., 11 F. C. C. 2d 957, 960 (1968). I will not repeat the substance of that opinion here.

In plain language, the Commission is saying today that the best way to provide 720 additional communications circuits between the United States and Spain, Portugal, Italy, and connecting points for the next 25 years is to allow private companies to make an estimated $90 million investment in a cable and other facilities. This will be 720 of a projected 5,200 trans-Atlantic channels by about 1975. This expense will be recaptured from consumers in telephone bills over the life of the cable—in addition to operating expenses and a "fair rate of return." As an added bonus, A.T. & T. is to provide most of the equipment from its manufacturing subsidiary.

This decision is made despite the fact that probably by the time the cable is operational, and certainly within the next 5 years, providing an additional 720 circuits through a high-capacity (thousands of circuits) satellite could be done for virtually no additional investment or operating expense.

At least the Commission has today come around to a less hypocritical position on the merits of its decision. It has now simply abandoned its earlier effort to provide economic justification for its action. Thus, the Commission says in paragraph 22 of its opinion:

"[W]e do not believe that any useful purpose would be served by going over relative costs. * * *";

And in paragraph 24:

"[W]e do not feel it necessary to make definitive findings on the relative economic merits of TAT-5 and present satellites, those now being constructed and those proposed for the early 1970's"—as though decisions about the proper mix of satellites and cables in the Atlantic for the next 25 years could be made without such findings.

In my judgment, such other "reasons" as the Commission is able to muster for authorizing the cable are not sufficient, alone or together, to justfy the investment proposed here.