

1 IN THE SENATE

BY JOSEPHSON AND RAY

2 SENATE JOINT RESOLUTION NO. 20

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 Relating to Alaska Airline's rates and
6 service to the people of Southeast
7 Alaska.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS Alaska Airlines is a scheduled air carrier certificated by the
10 Civil Aeronautics Board to provide scheduled air service to and between
11 numerous points in Alaska; and

12 WHEREAS Alaska Coastal Airlines merged with Alaska Airlines in early
13 1968 and thereupon Alaska Airlines became charged with the responsibility
14 and duty to provide adequate and reasonable service to points in Southeast
15 Alaska previously served by Alaska Coastal Airlines; and

16 WHEREAS the Civil Aeronautics Board established an annual subsidy rate
17 payment to Alaska Coastal Airlines of \$1,678,086 in addition to the regular
18 service mail rates paid, which subsidy was intended to financially assist
19 Alaska Coastal in profitably maintaining adequate and reasonable scheduled
20 air service to the numerous communities of Southeast Alaska; and

21 WHEREAS, upon merger of Alaska Coastal with Alaska Airlines, Alaska
22 Airlines secured the right to receive and did receive each year the more than
23 \$1.6 million subsidy previously paid Alaska Coastal, such amount being fixed
24 and not declining, and was intended by the Civil Aeronautics Board to
25 continue to inure to the benefit of the public of Southeast Alaska; and

26 WHEREAS complaints about Alaska Airline's service by the people and
27 communities of Southeast Alaska are legion and it appears that the federal
28 subsidy payment of \$1,678,086 is possibly being diverted by Alaska Airlines
29 at least in part, to subsidize other routes or operations of Alaska Airlines

1 instead of being fully utilized to maintain adequate service in Southeast
2 Alaska; and

3 WHEREAS Alaska Airlines has recently increased passenger and freight
4 rates to and between points in Southeast Alaska, in some cases amounting to
5 an increase of as much as 12 per cent, but there has been no noticeable
6 improvement in service; and

7 WHEREAS Alaska Airlines has invested in, controls and operates numerous
8 side ventures such as hotels, resorts, etc., some of which appear to be
9 unprofitable; has conducted or involved itself in other substantial loss
10 ventures such as charters to Siberia, a defunct South American carrier,
11 etc.; and there is reason to believe that the scheduled air services which
12 Alaska Airlines is supposed to be providing are not only suffering therefrom
13 but may also be paying for part of such losses; and

14 WHEREAS Alaska Airlines has requested the Civil Aeronautics Board to
15 delete the maximum subsidy limitations contained in its certificates and
16 grant it an additional temporary subsidy of over \$1,750,000 even before
17 hearings can be held on the matter;

18 BE IT RESOLVED that Alaska Airlines reduce its passenger and freight
19 rates which were recently increased in Southeast Alaska and use the federal
20 subsidy funds it receives for providing good, dependable service for the
21 people of Southeast Alaska for exactly that purpose and not to recoupe
22 losses realized on other ventures; and be it

23 FURTHER RESOLVED that the board direct its staff to make a thorough
24 investigation of Alaska Airlines operational practices, Southeast Alaska
25 service, efficiency, use of federal subsidy payments, cost allocations,
26 financing, investments, etc., and such investigation to include a complete
27 audit of all of Alaska Airline's books and records.

28 COPIES of this Resolution shall be sent to the Honorable Charles Willis,
29 Chairman of the Board, Alaska Airlines; and to the Honorable Secor D. Browne,

1 Chairman of the Civil Aeronautics Board; and to the Honorable Ted Stevens
2 and the Honorable Mike Gravel, U. S. Senators, and the Honorable Nick Begich,
3 U. S. Representative, members of the Alaska delegation in Congress.

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