



STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

6.6  
7/14  
SOPIS

REQUEST Page 1 of 2  
 Bill/Resolution No.: CS HCR 36 (Fin)  
 Title: Intrastate Air Travel  
 \_\_\_\_\_  
 Sponsor: Hermann ET AL.  
 Requestor: House Transportation  
 Date of Request: \_\_\_\_\_

Revision Date: \_\_\_\_\_

FISCAL DETAIL  
 Agency Affected: DOT&PF  
 BRU: \_\_\_\_\_  
 \_\_\_\_\_  
 Components: \_\_\_\_\_  
 \_\_\_\_\_

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		48.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		50.0				

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

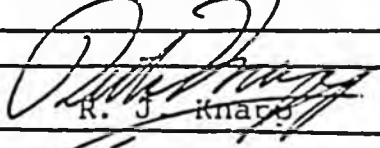
GENERAL FUND		50.0				
FEDERAL FUNDS						
OTHER						
TOTAL		50.0				

POSITIONS :

FULL-TIME		0				
PART-TIME		0				
TEMPORARY		0				

ANALYSIS : Attach a separate page if necessary

The funding identified above will allow development of study to evaluate whether the general trend of intrastate air fares are substantially higher than comparable route fares within other states. We will attempt on the basis of information available

Prepared by: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Division: \_\_\_\_\_ Date: \_\_\_\_\_  
 Approved by Commissioner:  Date: 2/12/86  
 Agency: DOT&PF

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

to make a preliminary recommendation as to the justification for any higher fares if the comparison indicates substantially higher fare costs within Alaska.

The study will identify if there are any state or federal laws regarding air fares that intrastate carriers may be violating and will identify options for legislative action if the study results indicate action is advisable.

ASSUMPTIONS:

1-3 are same

4. Consultant will not do any on-site inspections of airline operations. Instead, they will rely on any information airlines will divulge.

Cost Breakdown:

DOT&PF Costs for Consultant Selection	\$1,500
Travel for Selection Committee	
Graphics, Reproduction and Mail	
for Statement of Interest and RFP	500
	<u>\$2,000</u>

Consultant:

Staff time 45 days @ \$120.00/hr.	43,200
Graphics and Clerical for Report	3,000
Travel and Per Diem Allowance	1,800
	<u>\$48,000</u>

Total DOT&PF and Consultant Cost = \$50,000

Original sponsors: Herrmann, Wallis  
and Thompson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 36 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to intrastate airline travel.

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

7 WHEREAS intrastate air travel is an essential and often the only  
8 effective means of transportation within the state; and

9 WHEREAS competitive market forces in many other states have caused a  
10 decline in commercial air fares; and

11 WHEREAS these same competitive forces have not caused a significant  
12 decline in air fares offered by the major carriers for travel in many  
13 markets of the state; and

14 WHEREAS the cost of air travel between many areas of the state has  
15 become prohibitively expensive; and

16 WHEREAS the high cost of air travel may result from a lack of adequate  
17 competition and may constitute a violation of state or federal law;

18 BE IT RESOLVED by the Alaska State Legislature that the Governor is  
19 respectfully requested to direct the Department of Transportation and  
20 Public Facilities, and the Department of Commerce and Economic Development  
21 to jointly investigate the tariffs charged by major air carriers servicing  
22 various urban and rural areas of the state; and be it

23 FURTHER RESOLVED that the results of the investigation and in parti-  
24 cular recommendations for action by the legislature be reported to the  
25 First Session of the Fifteenth Legislature by January 31, 1987.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: 4/7/86

**REQUEST**

Bill/Resolution No. : CS HCR 36 (FIN)  
 Title : Intrastate air travel  
 \_\_\_\_\_  
 Sponsor : Herrmann  
 Requestor : House Finance Committee  
 Date of Request : 4/7/86

**FISCAL DETAIL**

Agency Affected : DOT&PF  
 BRU : \_\_\_\_\_  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-	0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL		0	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
<b>TOTAL OPERATING</b>		0	0	0	0	0

<b>CAPITAL</b>		0	0	0	0	0
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<b>REVENUE</b>		0	0	0	0	0
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0
<b>TOTAL</b>		0	0	0	0	0

**POSITIONS :**

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

**ANALYSIS :** Attach a separate page if necessary

Funds will be reappropriated in FY 87 to address this investigation of tariffs charged by air carriers servicing urban and rural areas of the state.

*APA*

Prepared by : Al Adams, Chair Phone : 465-3706  
 Division : House Finance Committee Date : 4/7/86

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
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**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
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SUPPLIES				0	0	0
EQUIPMENT				0	0	0
LAND & STRUCTURES				0	0	0
GRANTS, CLAIMS				0	0	0
MISCELLANEOUS				0	0	0
<b>TOTAL OPERATING</b>				0	0	0
<b>CAPITAL</b>				0	0	0
<b>REVENUE</b>				0	0	0
<b>FUNDING : (Thous</b>						
GENERAL FUND				0	0	0
FEDERAL FUNDS				0	0	0
OTHER		0	0	0	0	0
<b>TOTAL</b>		0	0	0	0	0

*Prepared after bill reported out of comm. 4-7 did not accompany bill*

**POSITIONS :**

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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Prepared by: Al Adams, Chair Phone: 465-3706  
 Division: House Finance Committee Date: 4/7/86

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
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Revision Date : \_\_\_\_\_

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Bill/Resolution No. : CS HCR36 (Trans)  
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**FISCAL DETAIL**

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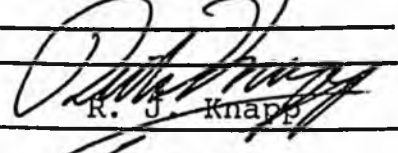
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The study will identify if there are any state or federal laws regarding air fares that intrastate carriers may be violating and will identify options for legislative action if the study results indicate action is advisable.

ASSUMPTIONS:

1-3 are same

4. Consultant will not do any on-site inspections of airline operations. Instead, they will rely on any information airlines will divulge.

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	\$48,000

Total DOT&PF and Consultant Cost = \$50,000



## Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** CSHCR 36 TRANS

**TITLE:** Intrastate Air Travel

**APPROVED:** *[Signature]*  
R. G. Knapp  
Commissioner

**DATE:** 2/12/86

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The Department supports the goals of this bill which we assume to be a concern for reducing, insofar as practicable, the costs for air travel within the State of Alaska. However, there is some question as to how involved the State should get in private industry decisions in a deregulated environment.

The DOT&PF has undertaken a cursory review of air fares for one airline only. This paper (attached) indicates that for one air carrier serving in and out of Alaska, the per mile fare is higher for routes within the State. In evaluating this information, however, it is crucial to consider the different characteristics of the individual routes involved (traffic loads, staging length, competition, etc.)

Part of this analysis also compared costs for in-State routes with costs for routes of comparable length in the lower 48 states. In general, it appeared that the in-State routes were quite comparable and, in some cases, lower than the lower 48 routes of comparable length.

This information is very cursory and cannot be viewed as conclusive, but it does indicate that if there is unfair pricing within the State, it will likely be very difficult to prove.

The DOT&PF will administer the study suggested in HCR 36 if the Legislature deems it advisable. A description of the study is shown on the accompanying fiscal note.

7/14 \* 50000

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

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REVENUE						
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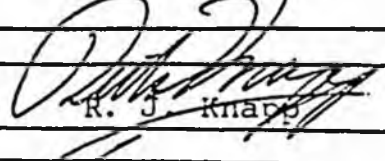
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 R. J. Knapp

Approved by Commissioner: \_\_\_\_\_ Date: 2/12/86  
 Agency: DOT&PF

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	<u>\$48,000</u>

Total DOT&PF and Consultant Cost = \$50,000

- D R A F T -

ALASKA/LOWER 48 STATES AIR FARES

DOT&PF - STATEWIDE AVIATION

December 2, 1985

I. INTRODUCTION

This paper conducts two analyses of air fares. The first is a comparison of representative airlines (RA) air fares over three types of routes:

- (1) routes between points in Alaska,
- (2) routes between points in Alaska and points in the Lower 48 States, and
- (3) routes between points in the Lower 48 States.

The intent is to determine how RA air fares in Alaska compare to their air fares in the Lower 48 States. For ease of comparison and data collection, only coach and SuperSaver fares RA have been used.

The second analysis is a comparison of several of RA air fares and air fares of other airlines for trips of comparable length in the Lower 48 States. The intent of this analysis is to determine how RA air fares compare to fares of other airlines. Only coach fares have been compared, again for ease of comparison and data collection.

II. RA FARES; Within Alaska, Alaska to Lower 48 States, and Within the Lower 48 States

Table I compares average RA fares for three types of routes in Alaska and the Lower 48 States.

TABLE I  
RA  
AVERAGE COACH AND SUPERSAVER  
FARES/MILE

<u>RA Routes</u>	<u>RA Coach Fares/Mile</u>	<u>RA SuperSaver Fares/Mile</u>
Within Alaska	\$.30	\$.22
Alaska to Lower 48	.21	.15
Within the Lower 48	.22	.15

The Table shows that fares for travel within Alaska far exceed other fares. There may be a variety of explanations for this. Higher labor and operation costs and shorter stage lengths (flight distances) for RA routes within Alaska compared to the Lower 48 States could be one cause of the differential. In addition, traffic densities and load factors are likely to be lower in Alaska. The low traffic in Alaska also results in fewer carriers competing with RA compared to the relatively stiff competition for heavier traveled routes between Alaska and the Lower 48 States and between points in the Lower 48 States.

Table I also shows that RA fares for travel between Alaska and the Lower 48 States are comparable to their fares for travel within the Lower 48 States. Some fares are higher than others, but on the average, they are comparable.

Actual fares for travel between points in Alaska are shown in Table A-I in the Appendix. Only fares from Anchorage to outlying communities were used because RA routes to the outlying communities originate in Anchorage. For example, to fly Fairbanks to Deadhorse would require a flight from Fairbanks to Anchorage and another flight from Anchorage to Deadhorse.

Fares range from the highest fare/mile for service to Cordova which has low traffic, a short stage length and only air taxi competition, to the lowest fare in the Anchorage to Fairbanks market which has higher traffic, heavier loads, and greater competition. It should be noted that fares to points in Southeast Alaska are as much as three cents/mile less than the average fares for other routes within Alaska. These fares may be slightly artificially low due to subsidies provided through the Essential Air Service (EAS) program.

Actual fares for travel between Alaska and the Lower 48 States are shown in Table A-II in the Appendix. Fares have been shown from Anchorage, Fairbanks, and Juneau because most routes originate from these points. Coach and SuperSaver fares from Anchorage average about one cent/mile less than fares from Fairbanks and Juneau. The highest fares/mile are for routes to Seattle and Portland while the lowest fares/mile are for the longer routes to Phoenix and Tucson.

Actual fares for travel between points in the Lower 48 States are shown in Table A-III. Fares have been shown for travel from Seattle and Portland since most of the RA routes in the Lower 48 States arrive or depart from these cities.

### III. AIR FARES,

This analysis compares air fares for several of RA routes to fares of other airlines for routes of comparable length in the Lower 48 States. Only coach fares are compared and none of RA routes entirely within the Lower 48 States were examined.

Table II summarizes the results of this comparison. This table shows that, except for routes from Fairbanks to Seattle and Anchorage to Deadhorse, RA flights were consistently cheaper per mile than routes of comparable length by other airlines.

This data has limitations in that only 5 or 6 Lower 48 routes were used for each comparison. In addition, in the case of comparisons of routes within Alaska to routes in the Lower 48 States, in some instances the aircraft flown in the Lower 48 are different from aircraft flown in Alaska. Furthermore, many routes within Alaska utilize 737 aircraft equipped for cargo and passenger loads. In general, however, it appears that RA fares are generally lower than fares of other airlines in the Lower 48 for routes of comparable length.

TABLE II  
COMPARISON OF RA FARES TO OTHER AIRLINES' FARES

<u>RA Route</u>	<u>Approximate Stage Length</u>	<u>RA Coach Fare/Mile</u>	<u>Other Airlines' Average Coach Fare/Mile for Lower 48 Routes of Comparable Length</u>
Anchorage-Seattle	1450 miles	\$.22	\$.24
Fairbanks-Seattle	1550 miles	.25	.23
Juneau-Seattle	900	.25	.22
Ketchikan-Seattle	650	.27	.30
Anchorage-Deadhorse	627	.38	.36
Anchorage-Petersburg	677	.20	.36
Anchorage-Sitka	592	.22	.36
Anchorage-Wrangel	700	.27	.36
Anchorage-Bethel	500	.25	.42
Anchorage-Fairbanks	500	.21	.42
Anchorage-Nome	530	.37	.42
Anchorage-Kotzebue	540	.36	.42

The Lower 48 States routes used to compare to RA fares are shown in Tables A-IV-AIX.

#### IV. CONCLUSIONS

The data presented in this paper suggests three conclusions, based on a fare per mile comparison.

(1) RA air fares for travel within Alaska are substantially higher than its fares for travel to and within the Lower 48 States. Higher labor and operations costs in Alaska and lower stage lengths and load factors may be the primary reasons for the higher fares for travel in Alaska.

(2) RA air fares for travel from Alaska to the Lower 48 States are, on the average, comparable to RA fares for travel within the Lower 48 States.

(3) RA fares for travel within Alaska and from Alaska to the Lower 48 States are usually lower than fares of other airlines for routes of comparable length in the Lower 48 States.

TW/sg

COMPARISON OF COACH AIR FARES BETWEEN ALASKAN SERVICE HUB COMMUNITIES AND SEATTLE WITH COMPARABLE STAGE LENGTH FLIGHTS IN THE LOWER 48

<u>City Pair</u>	<u>Mileage</u>	<u>Fare/Carrier</u>	<u>O &amp; D Pax</u>	<u>Direct Flight</u>
<del>KETCHIKAN-SEATTLE</del>	679	\$184.00 AS	3996	AS
Seattle-Salt Lake City	689	\$129.63 CO \$231.48 UA/WA	7213	UA/WA
Birmingham-Oklahoma City	631	\$268.52 all carriers	441	DL
Boise-Denver	642	\$231.48 UA/WA	4081	FL/UA
Chicago-Oklahoma City	693	\$231.48 AA/EA/OZ/RE/TW/UA	8395	OZ/AA/TW
Bismark-Kansas City	613	\$212.96 FL \$231.48 NW/RC	289	NW
<del>MINNEAPOLIS-SEATTLE</del>	909	\$228.00 AS \$250.00 WA	4460	AS/WA
Portland-San Diego	933	\$166.67 CO \$189.81 PS/UA	7714	PS/UA
Denver-San Francisco	956	\$129.63 CO \$268.52 UA/WA	33164	UA/FL/CO
Atlanta-Omaha	821	\$268.52 AA/NW/OZ/RC/TW/UA	3515	RC/EA/AA
Chicago-Jacksonville	864	\$264.81 DL/EA/OZ/PI/UA	6061	EA/UA/PI
New Orleans-Washington D.C.	969	\$268.52 AL/DL/PI/RC \$305.56 AA	12959	AL/NY/EA/RC/PI
<del>ANCHORAGE-SEATTLE</del>	1448	\$319.00 all carriers	18466	AS/WA/NW/UA
Chicago-Phoenix	1440	\$342.59 AA/DL/EA/TW/UA \$143.52 BN	44186	BN/UA/AA
Omaha-Seattle	1367	\$342.59 NW/RC/TW/UA/WA \$370.37 EA \$180.56 CO	2870	Connections
Dallas/Fort Worth-Spokane	1477	\$342.59 NW/UA/WA \$231.48 FL	1364	FL
Boston-Wichita	1433	\$342.59 AA/EA/RC/TW/UA	1151	TW
Los Angeles-Shreveport	1425	\$338.89 AA/DL \$342.59 RC \$217.59 CO	2090	DL

## Coach Air Fare Comparison

Page 2

<u>City Pair</u>	<u>Mileage</u>	<u>Fare/Carrier</u>	<u>O &amp; D Pax</u>	<u>Direct Flight</u>
<del>ANC-SEA-Cont'd</del>				
Birmingham-Salt Lake City	1471	\$342.59 AA/DL/EA/UA	444	Connections
Minneapolis/St. Paul-Seattle	1399	\$342.59 AA/NW/RC/TW/UA/WA	11831	RC/NW/UA
<del>FAIRBANKS-SEATTLE</del>	1533	\$386.00 AS/UA/WA	3314	AS/UA/WA
Atlanta-Phoenix	1587	\$362.96 AA/DL/EA/TW/UA \$326.85 NW	6897	DL/EA/AA
New York-Lubbock	1613	\$357.41 all carriers	1150	Connections
Los Angeles-Memphis	1619	\$355.56 all carriers	5146	UA/RC/TW
Albuquerque-Washington D.C.	1650	\$364.81 AA/DL/EA/TW/UA \$347.22 NW	6401	TW/AA
Chicago-Spokane	1498	\$250.00 FL \$370.37 NW/UA/WA	1976	UA/NW
<del>HOME-SEATTLE</del>	1987	\$424.00 AS	242	AS Connections
PRUDHOE BAY-SEATTLE	1906	\$549.00 AS	297	AS Connections
Loa Angeles-Miami	2342	\$418.52 AA/DL/NW/PA/PI/RC/TW \$194.44 CO \$180.56 BN	38140	CO/EA/BN/AA/DL
Boise-New York	2167	\$425.93 all carriers	1690	Connections
Atlanta-Boise	1838	\$398.15 UA	457	UA Connections
Phoenix-Washington D.C.	1979	\$398.15 AL/AA/DL/NW/TW/UA/WA \$147.22 BN	10813	TW/AL/NM/BN/AJ
Boston-Salt Lake City	2105	\$408.33 AA/DL/EA/RC/TW/UA/WA	3802	WA

O & D Pax = 12 months ending 12/31/84. Number of passengers in 10% sample. Outbound plus inbound.

Data extracted from ATPCO Passenger Tariff issued October 23, 1985. Only those fares that do not have qualifying restrictions have been listed.

This is an unofficial study prepared by the Alaska Field Office of the Department of Transportation  
November 26, 1985



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

ACR 36

Pouch Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

July 3, 1985

MEMORANDUM

TO: Representative Adelheid Herrmann  
FROM: Jonathan Sherwood  
Legislative Analyst  
RE: Airfares in Rural Alaska  
Research Request 85-345

You requested that we provide information on the rise in airfare for routes in rural Alaska, and on the costs and other factors associated with such rises. We have examined an informal survey of rural airfares provided by the U.S. Department of Transportation and contacted individuals familiar with rural airlines operation and obtained the following information.

Recent Trends in Rural Airfares

It was the consensus among the individuals I contacted that, taken as a whole, rural airfares have not increased substantially during the last few years. Dianna Strain, Transportation Analyst for the U.S. Department of Transportation, provided an informal survey of rural airfares which compared rural airfares in 1982, 1983, and 1985 for over 100 routes (see attachment). The points included in the survey are locations designated "Essential Air Service Communities" under Section 419 of the Airline Deregulation Act of 1978. While it should be emphasized that the results of this survey are not conclusive, they are somewhat indicative of overall trends in rural airfares.

My review of the survey indicates that, based on data from 75 routes, the cost per mile of rural air travel increased at an annual rate of 3.7 percent between 1982 and 1985.<sup>1</sup> Based on data from 86 routes,

<sup>1</sup>Fares were not available for all points for all years. Some routes were excluded because of inadequacy in the data. In addition, I compared fares only between the same carrier or comparable carriers. Discussions with officials in air transportation indicated that jet travel is priced at a premium compared to prop aircraft. While it is not possible to determine which aircraft are used on a particular route, I did not compare airlines which use jets extensively to those which do not.

rural airfares increased at an annual rate of 2.6 percent from 1983 to 1985. One reason why the rate of increase is greater for the 1982 to 1985 period is that the period includes an increase in the federal tax on airfares of 3 percent. The annual growth rate between 1982 to 1985 drops to 2.7 percent when this tax increase is factored out.

It should be noted that although the overall growth in rural airfares was small for the periods of comparison, airfares increased sharply on some routes. For example, fares for 39 of the 75 routes (52 percent) compared between 1982 and 1985 increased. Almost all of these increased by at least 10 percent; more than half increased by more than 25 percent (or 7.7 percent annual growth) and six of the routes increased by over 50 percent (or 14 percent annual growth). However, these increases were partially offset by many instances of sharp decreases in fares on other routes.

Between 1982 and 1985, four of the airlines whose fares were included in the survey went bankrupt. It is interesting to note that all six of the fares that increased by more than 50 percent in this period involved routes that were initially served by one of the bankrupt carriers. Three of these routes are in the Kodiak area and three routes were in the Interior.

~~According to Dianna Strain, the overall increases in rural airfares were less than the increases in fares of larger national and regional carriers over the same period of time. In comparison to rural airfares, Alaska Airlines reported a 10 percent increase in base fares in 1983 and a 12 percent increase in 1984. Thus, over roughly the same period that rural airfares were increasing by 2.6 percent annually, a national carrier operating in Alaska was increasing fares by 11 percent annually.~~

Ted Lamb, with Seair Alaska, stated that one of the reasons rural airfares generally have not increased significantly is that there are currently too many seats available among rural carriers for all of the carriers to operate profitably. Currently, airlines are trying to capture a market share in recognition that not all existing carriers will be able to sustain profitable operations. Bob Jacobson, of Wings of Alaska and President of the Alaska Air Carriers Association, stated that because of deregulation, there are now more carriers and more competition. He noted that many carriers are operating with little or no profit margin.

Mr. Jacobson also cited stable insurance rates as a factor contributing to the small growth in rural airfares. Over the last few years, accident rates had been improving and rates have stabilized. However, he

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<sup>2</sup>Alaska Airlines, Annual Report 1984, p.9.

noted that accident rates appear to be increasing this year and carriers could be faced with increases in insurance rates in the near future.

#### Discount Fares

Recently, major, national, and some regional airlines have begun offering very low discount fares. These fares, which are usually less than one-half the regular fare, make it possible for some people to fly most of the larger routes in the country for a significantly lower fare than was previously available. However, these fares usually have several restrictions; a limited number of such fares are available for each flight, reservations and payment must be made well in advance, and penalties are imposed for any changes or cancellations.

According to Dianna Strain, the larger carriers are offering these discount fares for competitive reasons. According to Alaska Airlines, the "discount fares implemented in early 1985...are expected to stimulate additional travel without affecting yields materially."<sup>3</sup> It would appear that these fares are intended to capture marginal fliers, not lower the cost of flying for the larger public.

Ms. Strain noted that although rural airlines generally have not instituted these fares, some carriers are instituting other types of discount fares to compete in their own markets. For example, Seair is offering a one-half price fare on some of its routes for tickets purchased after 4 p.m. on the day before the flight. Ted Lamb stated that rural carriers currently offer discounts to capture a larger market share; however, he questioned whether rural carriers could afford to offer discounts indefinitely, given the current financial status of many carriers.

#### Costs of Operation for Rural Airlines

According to Ted Lamb, the cost of operating large commercial jet aircraft is significantly less than operating small aircraft when compared on a per-seat basis. Mr. Jacobson noted that insurance costs are a greater factor for small rural airlines in Alaska than for large carriers. Mr. Lamb acknowledged that some of the cost disadvantages of small carriers are offset by lower labor costs per hour; however, he did not believe that these costs would be lower if they were also computed on a per-seat basis. According to Dianna Strain, some rural airlines do price their fares below jet fares on the same route, but

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<sup>3</sup>Alaska Airlines, Annual Report 1984, p.9.

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she explained that this was a competitive move, intended to offset the market's preference for jets, and it did not reflect lower operating costs.

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I hope that you find this information useful. If you have any questions, or if we can be of further assistance to you, please do not hesitate to contact us.

JS

Attachment

SURVEY OF PASSENGER COACH FARES AS PUBLISHED IN THE OAG

A COMPARISON BETWEEN MAY 1982 AND MAY 1983

The attached tabulation is an informal survey of passenger fares to Alaskan essential air service communities from their respective service hubs. The data was for the most part extracted from the May 1982 and May 1983 issues of the Official Airline Guide.

Southeast is currently being served by carriers who were subcontractors for Alaska Airlines. On a per mile basis, fares appear to be approximately 34% higher in Southeast over comparable stage lengths in the Bethel or Fairbanks bush.

Wien has competition at most bush points and remains the sole monopoly carrier at seven jet points and fewer than 15 bush points. Wien's May 1983 fares are approximately 9½% higher than SEAIR's in the Bethel bush and 21½% higher than Munz Northern in the Nome and Kotzebue bush. In 1982, when Air North was a relatively new 401 entrant in the Fairbanks, Bettles, Fort Yukon and Galena bush markets, their fares were substantially lower than Wien's. By May 1983, Air North had matched Wien's fares in all but seven markets. To meet Wien, Air North's fares have risen for the most part from 20 to 30%.

The purpose of this informal study is to compare fares a few months after tariff deregulation. It appears that most fares have not taken a substantial increase. The few isolated instances are primarily out of Juneau, and points where Wien is either the monopoly carrier, or where Wien's only competitor is also a Wien subcontractor, and as such charges the same fare as Wien.

Reeve's fares increased an average of 10½%, except a less than 3% increase for Dutch Harbor, the only Reeve market served by a competitor, Airpac.

SEAIR, Kodiak Western, Munz Northern, Peninsula and Yute have all had increases which average slightly less than 3% which offsets the tax increase of October 1982.

Peninsula's fares in 1982 were almost double what Kodiak Western charged in the King Salmon area.

Alaska's jet fares increased an average of 8% with the exception of Yakutat which increased about 20%.

Wien's fare increases appear to be patterned on competition rather than anything else. For the most part Wien did not increase their Bethel bush fares and in fact lowered several. Where Wien competes with Air North, fares increased by \$2, \$4, or \$7, however, Wien also had a few 12% decreases. A \$4 increase seems the most popular with Wien rather than a percentage. Wien's increases in the Nome and Kotzebue bush vary from seven to thirty-six percent. A glance at the June issue OAG indicates that Wien is lowering many of these fares with the advent of competition with Alaska Airlines in the Nome and Kotzebue bush. Wien's monopoly point Wainwright increased by 53% from May 1982 to May 1983, the largest single percentage increase of the points surveyed.

ALASKAN CARRIERS

AS - Alaska Airlines, Inc.  
IH - Channel Flying, Inc.  
JF - L.A.B. Flying Service, Inc.  
KJ - Sea Airmotive, Inc.  
KN - Tyee Airlines, Inc. *Bought by Trans Alaska*  
KO - Kodiak Western Alaska Airlines, Inc. *Chapt-7*  
KS - Peninsula Airways, Inc.  
RV - Reeve Aleutian Airways, Inc.  
WC - Wien Air Alaska, Inc. *Chapt-11*  
XG - Air North *Chapt-7*  
XX - Valdez Airlines *Chapt-7*  
XY - Munz Northern Airlines, Inc. - *Bought by Ryan Air*  
4Y - Yute Air Alaska, Inc.  
6D - Alaska Island Air, Inc.  
BF - MARK AIR  
2E - HEIMENS AIR  
7H - HAROLD'S AIR  
6C - CAPE JIM THE

HUB POINTS

ADQ - Kodiak, Alaska  
AKN - King Salmon, Alaska  
ANC - Anchorage, Alaska  
BET - Bethel, Alaska  
BRW - Barrow, Alaska  
BTT - Bettles, Alaska  
CDB - Cold Bay, Alaska  
CDV - Cordova, Alaska  
DLG - Dillingham, Alaska  
FAI - Fairbanks, Alaska  
FYU - Fort Yukon, Alaska  
GAL - Galena, Alaska  
JNU - Juneau, Alaska  
KSM - St. Mary's, Alaska  
KTN - Ketchikan, Alaska  
OME - Nome, Alaska  
OTZ - Kotzebue, Alaska  
PSG - Petersburg, Alaska  
UNK - Unalakleet, Alaska

copy of Passenger  
 tickets in the OAG

	HUB	CARRIERS	MAY 1982 FARE	MAY 1983 FARE	INCREASE	% INCREASE	great circle miles	d per mile	May 1985 \$ per mile
ADK	ANC	RV	379.00	419.00	.40.00	10.55	1192	.35	395 <sup>00</sup> RV .33
AKK	ADD	KO	53.48	55.00	1.52	2.84	84	.65	50 <sup>00</sup> KT .60
KKT	BET	<del>KT</del> WC	<del>19.00</del> 21.00	<del>19.55</del> 21.00	<del>.55</del> 0	<del>2.89</del> 0	16	<del>1.22</del> 1.31	
AKT	BFT	<del>KJ</del> WC	<del>19.00</del> 21.00	<del>19.55</del> 21.00	<del>.55</del> 0	<del>2.89</del> 0	22	<del>.88</del> .95	
KQA	CDB	RV	75.50	84.00	11.50	15.23	143	.58	34 <sup>00</sup> RV .59
AUK	KSM	WC	45.00	49.00	4.00	8.88	61	.80	49 <sup>00</sup> 2E .80
WKK	DLG	4Y	21.00	21.60	.60	2.85	17	1.27	20 <sup>00</sup> 4Y 1.18
AET	BTT	WC   XG	<del>28.00</del> WC	<del>31.88</del> XG	3.88	13.85	40	.79	
ABL	OTZ	<del>XY</del> WC	<del>60.00</del> WC	<del>61.70</del> WC	<del>1.70</del> 6.00	<del>2.83</del> 8.82	130	<del>.47</del> .56	
NO SERVICE REQUIRED UNDER EAS									
AOS	ADD	KO	32.10	33.00	.90	2.80	54	.61	57 <sup>00</sup> KT 1.06
AXP	BTT	<del>XG</del> WC	<del>59.00</del> WC	<del>70.00</del> WC	<del>11.00</del> 2.00	<del>18.64</del> 2.94	85	<del>.82</del> .82	
ANT	ANC	WC	132.00	143.00	11.00	8.33	318	.44	134 <sup>00</sup> AS .42
AGN	JNU	<del>IH</del> AS	<del>53.00</del> AS	<del>57.00</del> IH	4.00	7.54	59	.96	60 <sup>00</sup> IH 1.02
LAKATLA) ANN	KTN	<del>AS</del> KN	<del>25.00</del> AS	<del>25.00</del> KN	0	0	22	1.13	15 <sup>00</sup> KN .68
ANV	ANI	WC	56.00	61.00	5.00	8.92	77	.79	
ARC	FYU	<del>XG</del> WC	<del>50.00</del> WC	<del>61.00</del> WC	<del>11.00</del> 2.00	<del>22</del> 3.38	108	<del>.56</del> .56	
ATK	No service OAG								
ATT	BET	<del>KJ</del> WC	<del>19.00</del> WC	<del>19.55</del> WC	<del>.55</del> -3.00	<del>2.89</del> -12	16	<del>1.22</del> 1.31	
ATU	ANC	No service OAG							
W BRW	FAT	WC	147.00	159.00	12.00	8.16	503	.31	250 <sup>00</sup> BF .50
AKTOVIK) BTI	FAT	<del>XG</del> WC	<del>99.00</del> WC	<del>100.00</del> WC	<del>1.00</del> -14.00	<del>1.01</del> -12.28	386	<del>.25</del> .25	
WBO	FAT	<del>XG</del> WC	<del>54.00</del> WC	<del>62.00</del> WC	<del>8.00</del> 7.00	<del>11.29</del> 11.29	108	<del>0</del> .63	.34
RFT	<del>ANC</del> BFT	<del>KJ</del> WC	<del>75.00</del> WC	<del>97.72</del> WC	<del>2.72</del> 11.00	<del>2.86</del> 8.14	399	<del>.24</del> .36	134 <sup>00</sup> BF AS SPECIAL FARE 61 <sup>00</sup> .17
BTT	FAT	<del>XG</del> WC	<del>72.00</del> WC	<del>75.00</del> WC	<del>3.00</del> -9.00	<del>4.16</del> -10.71	179	<del>.41</del> .41	
NO SERVICE REQUIRED UNDER EAS									

	HUB	CARRIERS	MAY 1982 FARE	MAY 1983 FARE	± INCREASE	% INCREASE	great circle miles	1983 \$ per mile	May 1985	1985 \$ per mile
1	KRC	FYU	XG WC 26.25 / 30.00	34.00 / 34.00	7.75 / 4.00	29.52 / 13.33	27	1.25 / 1.25		
	BDW	CDV	radi	OAG						
	KTS	OME	XY WC 45.00 / 56.00	46.30 / 60.00	-1.30 / 4.00	2.88 / 7.14	104	.72 / .93	40 <sup>00</sup> AS	.63
	BKC	OTZ	XY WC 40.00 / 45.00	41.15 / 49.00	1.15 / 4.00	2.87 / 8.88	75	.54 / .65	40 <sup>00</sup> AS	.53
	CDL	OME/OTZ	radi	OAG						
	LUR	OTZ	XY WC 80.00 / 98.00	82.30 / 106.00	2.30 / 8.00	2.87 / 8.16	165	.49 / .64	80 <sup>00</sup> AS	.48
	EHM	BET	KS WC 59.00 / 68.00	60.70 / 67.00	1.70 / -1.00	2.88 / -1.47	148	.41 / .45		
	CZF	BET	KS WC 59.00 / 64.00	60.70 / 67.00	1.70 / -1.00	2.88 / -1.47	156	.38 / .42		
	CYT	CDV	radi	OAG						
	CEM	FAT	XG WC 44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	22.72 / 8	174	.51 / .51	50 <sup>00</sup> 4H	.48
	CTK	FYU	XG WC 26.25 / 30.00	34.00 / 34.00	7.75 / 4.00	29.52 / 13.33	41	.82 / .82		
	WCR	BTT	radi	OAG						
	CYM	JNU	radi	OAG						
	KCN	DUT	radi	OAG						
	VAK	BET	KS WC 52.00 / 60.00	53.48 / 59.00	1.48 / -1.00	2.84 / -1.66	136	.37 / .43	57 <sup>00</sup> AS	.43
	CKX		radi	OAG						
	CYF	BET	KS WC 42.00 / 48.00	43.20 / 48.00	1.20 / 0	2.85 / 0	90	.48 / .53	48 <sup>00</sup> AS	.53
	KCG	PTH								
	KCE	PTH	radi	OAG						
	KCL	PTH								
	CZV	CDV	radi	OAG						
	CXC	CDV								
	CRC	FAT	XG WC 44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	22.72 / 8	131	.41 / .41	57 <sup>00</sup> 4H	.45
35	CHP	FAT	XG WC 44.00 / 50.00	54.00 / 51.00	10.00 / 4.00	22.72 / 8	106	.50 / .50		
	CLP	DLG	4Y 21.00 / 14.88	21.60 / 21.60	.60 / 7.02	2.85 / 48.14	14	1.54 / 1.34	20 <sup>00</sup> 4Y	1.43
	CDB	ANC	B 256.00	283.00	27.00	10.54	621	.45	270 <sup>00</sup> RV	.47

TRUCK SERVICE

HUB	CARRIERS	MAY 1982	MAY 1983	INCREASE	%	great Circle miles	1983	May 1985	1985
		FARE	FARE				¢ per mile	¢ per mile	
CDV	ANC	KS AS 53.00	64.00	11.00	20.75	160	.36 .40	70 <sup>00</sup> AS	.44
CIL	OME	Rad in OAG							
CGA	KTN	KN AS 53.00 55.00	55.00	2.00	3.77	57	.93	50 <sup>00</sup> KN	.85
CKD	ANT	WC 28.00	31.00	3.00	10.71	51	.60		
DRG	OTZ	XY WC 40.00 45.00	41.15 49.00	1.15 4.00	2.87 8.88	56	.73 .87		
DUT	AAC	AS RV 336.00 350.00	339.00	3.00	9.00	792	.42 .42	297 <sup>00</sup> AS RV	.38
FAA	FAT	XG WC 69.00 79.00	82.00 82.00	13.00 3.00	18.84 3.79	198	.41 .41		
FEK	BET	KS WC 22.00 25.00	22.63 25.00	.63	2.86	40	.56 .62	25 <sup>00</sup> AS	.63
EGX	AKN	KS KO 50.00 53.33	51.43 54.00	1.43 .67	2.86 2.87	42	1.22 .57	50 <sup>00</sup> KS	1.19
KKU	DLG	KS KO 21.00 14.58	21.60	1.60	7.61	16	1.35		
KEK	DLG	KS KO 27.00 25.27	27.77 26.00	.77 .75	2.85 2.88	43	.64 .60		
ELV	JNU	IH NOT IN OAG	68.00			64	1.06	72 <sup>00</sup> IH	1.13
ELT	OME	XY WC 58.00 56.00	51.43 60.00	1.43 4.00	2.86 7.14	95	.54 .63		
EXT	JNU	JF AS 38.00 40.00	50.73	12.73	33.5	32	1.58	55 <sup>00</sup> AS	1.72
KEP	CDB	RV 50.00	55.00	5.00	10	37	1.48		
FWL	MCG	WC 37.00	41.00	4.00	10.81	63	.65		
FLT	MCG	WC 35.00	39.00	4.00	11.42	83	.46		
EYU	FAT	XG WC 32.00 55.00	33.00 35.00	3.00 -20.00	9.37 -36.36	144	.24 .24	61 <sup>00</sup> 4H	.42
FNR	JNU	JF AS 34.00 33.90	35.00	1.00	2.94	14	2.50	35 <sup>00</sup> IH	2.50
GAL	FAT	XG WC 68.00 78.00	70.00 80.00	2.00 2.00	2.94 2.56	268	.26 .29	92 <sup>00</sup> 4H	.34
GAM	OME	XY WC 70.00 79.00	72.00 105.00	2.00 33.00	2.85 36.70	197	.36 .54		
	ON DEMAND								
GLV	OME	XY WC 45.00 56.00	46.30 60.00	1.30 4.00	2.88 7.14	72	.64 .83		
GNU	BET	KS WC 48.00 56.00	49.37 55.00	1.37 -1.00	2.85 -1.78	116	.42 .47	55 <sup>00</sup> AS	.47
KGX	ANI	U 68.00	75.00	7.00	10.2	93	.80		
GKN	ANC	Rad in OAG							

	HUB	CARRIERS	82 FARE	83 FARE	\$ INCREASE	% INCREASE	great circle miles	1983 per mile	May 1985	1985 \$ per mile
	GST	JNU	LM AS set 45.00 42.00	54.00 45.00	9.00 3.00	20 7.14	41	1.31 1.09	60° AS	1.46
	HNS	JNU	JF 43.00 30.00	55.00 60.00	12.00 10.00	27.90 20	70	.78 .85	65° AS	.93
	HWT	TNU	NAB OAG				-	-		
	HAY	OMP	NAB OAG				-	-		
ER)	HZA	FAT	N.A. OAG				-	-		
	HCR	ANT	WC 35.00	39.00	4.00	11.42	43	.90		
	HOM	ANC	VC 43.35	44.60	1.25	2.88	117	.38	60° AS	.51
	HNH	JNU	JF SE 37.00 53.00	45.00 42.00	8.00 9.00	21.62 27.27	35	1.28 1.20	47° AS	1.34
	HPB	BET	KS WC 52.00 60.00	53.48 59.00	1.48 -1.00	2.84 -1.66	153	.34 .38	57° AS	.39
	HUS	GAL	XG WC - 61.00	64.00 69.00	- 8.00	- 13.11	119	.53 .57	79° 4H	.66
	HSL	GAL	XG WC - 35.00	39.00 39.00	- 4.00	- 11.42	109	.56 .56	45° 4H	.65
	HYG	KTAI	KN AS 53.00 55.00	55.00 -	2.00 -	3.77 -	47	1.17 -	45° KN	.96
	TCY	CDV	NAB OAG				-	-		
	IGG	AKN	KO/KS KO	KS			52		40° KS	.77
	ILT	ANC	WC 75.00	81.00	6.00	8	195	.41	81° AS	.42
	KTB	PTH	NAB OAG				-	-		
	KAE	PSG	AS/6D 41.00	44.28	3.28	8	40	1.10		
	<del>KAE</del>	NO SERVICE REQUIRED UNDER EAS					-	-		
	KLG	ANI	WC 24.00	28.00	4.00	16.66	26	1.07		
	KAL	GAL	XG WC - 33.00	39.00 39.00	4.00 4.00	11.42 11.42	61	.63 .63	45° 4H	.74
	KYK	ADQ	KO 36.94	37.99	1.05	2.84	74	.51	50° K.S	.68
	ENA	ANC	KS WC 20.00 35.00	20.57 33.42	- -	- -	60	Varies .34 to .55	37° AS	.62
	KTN	SEA	AS 149.00	156.00	7.00	4.69	679	.22	184° AS WA	.27
	IAN	OTZ	XY WC 40.00 45.00	41.15 49.00	1.15 4.00	2.87 8.88	59	.69 .83	40° AS	.68
	KVC	CDB	RV 38.00	42.00	4.00	10.52	19	2.21	42° RV	2.21
	KPN	BET	KS 47.00 48.00	43.20 48.00	1.20 -	2.85 -	96	.45 .50		

	HUB	CARRIERS	82 FARE	83 FARE	+	% INCREASE	great circle miles	per mile	May 1985	1985+ Per Mile	
	KKB	ADQ	KO	21.40	22.00	.60	2.80	31	.70	34 <sup>00</sup> KJ	1.10
	KVL	OTZ	<del>KY WC</del>	<del>50.00</del> <del>56.00</del>	<del>51.43</del> <del>61.00</del>	<del>1.43</del> <del>3.00</del>	<del>2.86</del> <del>2.92</del>	78	<del>.65</del> <del>.78</del>		
	KLW	KTN	<del>KN AS</del>	<del>53.00</del> <del>53.00</del>	<del>55.00</del> <del>-</del>	<del>2.00</del> <del>-</del>	<del>3.77</del> <del>-</del>	58	<del>.74</del> <del>-</del>	50 <sup>00</sup> KN	.86
	OBU	OTZ	<del>XY WC</del>	<del>65.00</del> <del>75.00</del>	<del>66.85</del> <del>84.00</del>	<del>1.85</del> <del>7.00</del>	<del>2.84</del> <del>12</del>	156	<del>.42</del> <del>.53</del>		
	KGK	DLG	<del>4Y KO</del>	<del>35.00</del> <del>33.05</del>	<del>36.00</del> <del>34.00</del>	<del>1.00</del> <del>.95</del>	<del>2.85</del> <del>2.97</del>	69	<del>.52</del> <del>.49</del>		
	KKH	BET	<del>KJ WC</del>	<del>42.00</del> <del>56.00</del>	<del>43.20</del> <del>48.00</del>	<del>1.20</del> <del>-8.00</del>	<del>2.85</del> <del>-14.28</del>	76	<del>.56</del> <del>.63</del>		
	KOT	KSM	WCP	56.00	61.00	5.00	8.92	68	.89	61 <sup>00</sup> 2E	.70
	KKA	OME	<del>XY WC</del>	<del>75.00</del> <del>82.00</del>	<del>77.14</del> <del>-</del>	<del>2.14</del> <del>-</del>	<del>2.85</del> <del>-</del>	130	<del>.59</del> <del>-</del>		
	KYU	CAL	<del>XG WC</del>	<del>-</del> <del>24.00</del>	<del>27.00</del> <del>28.00</del>	<del>-</del> <del>4.00</del>	<del>-</del> <del>16.66</del>	25	<del>1.08</del> <del>1.12</del>	32 <sup>00</sup> 4H	1.28
	KWT	BET	<del>KJ WC</del>	<del>19.00</del> <del>21.00</del>	<del>19.53</del> <del>21.00</del>	<del>.53</del> <del>0</del>	<del>2.89</del> <del>A</del>	13	<del>1.50</del> <del>1.61</del>		
	KWK	BET	<del>KJ WC</del>	<del>42.00</del> <del>56.00</del>	<del>43.20</del> <del>48.00</del>	<del>1.20</del> <del>-8.00</del>	<del>2.85</del> <del>-14.28</del>	80	<del>.54</del> <del>.60</del>	48 <sup>00</sup> AS	.60
	EMK	KSM	WC	45.00	49.00	4.00	8.16	63	.77	49 <sup>00</sup> 3E	.78
INAGAK	KWN	BET	<del>KJ WC</del>	<del>34.00</del> <del>40.00</del>	<del>34.97</del> <del>40.00</del>	<del>1.97</del> <del>0</del>	<del>5.79</del> <del>0</del>	71	<del>.49</del> <del>.56</del>		
	LMA	FAT	<del>XG WC</del>	<del>68.00</del> <del>45.00</del>	<del>69.90</del> <del>49.00</del>	<del>1.90</del> <del>4.00</del>	<del>2.79</del> <del>2.88</del>	148	<del>.47</del> <del>.33</del>	75 <sup>00</sup> 4H	.51
	KLN	ADQ	KO	44.72	46.00	1.28	2.86	58	.79	40 <sup>00</sup> KJ	.69
	ALZ	ADQ	KO	53.48	55.00	1.52	2.84	89	.61	74 <sup>00</sup> KJ	.83
	KLK	AKN	<del>KJ KO</del>	<del>50.00</del> <del>18.47</del>	<del>51.43</del> <del>-</del>	<del>1.43</del> <del>-</del>	<del>2.86</del> <del>-</del>	31	<del>1.65</del> <del>-</del>	40 <sup>00</sup> KJ	1.29
NGS	MLY	FAT	<del>XG WC</del>	<del>30.00</del> <del>35.00</del>	<del>37.00</del> <del>37.00</del>	<del>7.00</del> <del>3.00</del>	<del>23.33</del> <del>5.71</del>	83	<del>.44</del> <del>.44</del>		
	KMO	DLG	<del>4Y KO</del>	<del>21.00</del> <del>14.58</del>	<del>21.60</del> <del>15.00</del>	<del>.60</del> <del>.42</del>	<del>2.85</del> <del>2.88</del>	20	<del>1.08</del> <del>.75</del>	20 <sup>00</sup> 4Y	1.00
A LEDGE	FTL	BET	<del>KJ WC</del>	<del>48.00</del> <del>56.00</del>	<del>47.37</del> <del>55.00</del>	<del>1.37</del> <del>-6.00</del>	<del>2.85</del> <del>-1.78</del>	75	<del>.65</del> <del>.73</del>		
	MYK	CDV	<del>Non</del>	<del>in</del> OAG				-	-		
	MXV	CDV	<del>Non</del>	<del>in</del> OAG				-	-		
	MCG	ANC	WC	79.00	73.00*	-6.00	-7.59	221	.33	84 <sup>00</sup> AS	*84 <sup>00</sup> planned to 85 <sup>00</sup> ... Nov 82 - 11/11
	MDR	MCG	<del>Non</del>	<del>in</del> OAG				-	-		
	MYA	BET	<del>KJ WC</del>	<del>52.00</del> <del>60.00</del>	<del>53.48</del> <del>59.00</del>	<del>1.48</del> <del>-1.00</del>	<del>2.84</del> <del>-1.66</del>	154	<del>.34</del> <del>.38</del>	59 <sup>00</sup> AS	.38

	HUB	CARRIERS	82 FARE	83 FARE	3 INCREASE	4 INCREASE	great circle miles	4 Per mile	May 1985	1985 \$ Per Mile
	MNT	EAT	XG WC 27.00	33.90 30.00	3.00	11.11	39	.86 .76		
	KMY	ADQ	KO 53.48	55.00	1.52	2.84	64	.85	67 <sup>00</sup> KJ	1.05
	MOU	KSM	WC 24.00	28.00	4.00	16.66	14	2.00		
		NO SERVICE REQUIRED UNDER EAS								
	NKK	AKN	Not in OAG							
	WALA	BET	KJ WC 19.00 21.00	19.55 21.00	.55	2.89	11	1.77 1.90		
	PKA	BET	KJ WC 19.00 21.00	19.55 21.00	.55	2.89	6	3.25 3.50		
		NO SERVICE REQUIRED UNDER EAS								
	KNW	DLG	4Y KO 20.00 25.27	20.57 26.00	.57 .63	2.85 2.49	50	.41 .52		
	WWT	BET	KJ WC 42.00 48.00	43.20 48.00	1.20	2.85	96	.45 .50	48 <sup>00</sup> AS	.50
	WTK	OTZ	XY WC 40.00 45.00	41.15 49.00	1.15 4.00	2.89 2.88	48	.85 1.02	40 <sup>00</sup> AS	.83
	ORV	OTZ	XY WC 35.00 40.00	36.00 43.00	1.00 3.00	2.85 7.5	43	.83 1.00	35 <sup>00</sup> AS	.81
		NO SERVICE REQUIRED UNDER EAS								
		NO SERVICE REQUIRED UNDER EAS								
	NUL	GAL	KG WC 24.00	27.00 28.00	4.00	16.66	34	.79 .82	32 <sup>00</sup> 4H	.94
	NUP	BET	KJ WC 19.00 21.00	19.55 21.00	.55	2.89	23	.85 .91		
	ZNC	ANI	Not in OAG							
	OLH	ADQ	KO 36.85	38.00	1.05	2.84	49	.77	30 <sup>00</sup> KJ	.61
	KOY	ADQ	KO 53.48	55.00	1.52	2.84	77	.71	66 <sup>00</sup> KJ	.86
	KOZ	ADQ	KO 14.58	15.00	.42	2.88	11	1.36	20 <sup>00</sup> KJ	1.81
	KPK	ADQ	KO 44.72	Not in OAG			57		60 <sup>00</sup> KJ	1.05
		NO SERVICE REQUIRED UNDER EAS								
	PEC	JNU	IH AS 63.00	68.00	5.00	7.93	167	1.01	72 <sup>00</sup> IH	1.07
	KPV	PTH	Not in OAG							
	PSG	JNU	AS 62.00	67.00	5.00	8.06	123	.54		
	PIK	AKN	KO 45.00	82.30 47.00	2.30 1.30	2.89 2.84	84	.97 .55	80 <sup>00</sup> KS	.95

	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	1983 & per mile	May 1985	1985 f Per Mile
PQS	KSM	WIC	21.00	28.00	4.00	16.66	16	1.75	28 <sup>00</sup> 2E	1.75
PTU	BET	<del>K3 WIC</del>	<del>48.00</del> 56.00	<del>49.57</del> 55.00	1.37	2.85	123	.40	55 <sup>00</sup> AS	.45
PHO	OTZ	<del>XY WIC</del>	<del>65.00</del> 75.00	<del>66.85</del> 84.00	1.85	2.84	150	.44	70 <sup>00</sup> AS	.47
PIZ	BRW	6C	Not listed in OAG	6C 114.48	-	-	180	.63	130 <sup>00</sup> 6C	.72
PCK	BTT	Not in OAG	OAG				-	-		
JGSONOKLE) PCA	DLG	<del>4Y KO</del>	<del>20.00</del> 18.47	<del>21.60</del> -	1.60	8	28	.77		
KPY	ADD	KO	23.33	24.00	.67	2.87	24	1.00	29 <sup>00</sup> KT	1.21
PTH	ANC	RV	192.00	212.00	20.00	10.41	424	.50	212 <sup>00</sup> RV	.50
ORI	ADD	KO	20.40	21.00	.60	2.94	16	1.31	20 <sup>00</sup> KT	1.25
	NO SERVICE REQUIRED UNDER EAS						-	-		
KPR	ADD	KO	37.92	39.00	1.08	2.84	47	.82	51 <sup>00</sup> KT	1.09
LDHORSE) <sup>see</sup> PUO	ANC	WIC/AS	192.00	211.00	19.00	9.89	631	.33	257 <sup>00</sup> AS 284 <sup>00</sup> BF	.41 .45
UQF	DLG	<del>K5/4Y</del>	<del>K5 21.00</del>	<del>4Y 21.60</del>	.60	2.85	12	1.80		
RMP	FAI	<del>X6 WIC</del>	<del>44.00</del> 50.00	<del>54.00</del> 54.00	10.00	22.72	82	.65		
RDU	ANT	WIC	37.00	41.00	4.00	10.81	73	.56		
RBV	GAL	<del>X6 WIC</del>	<del>31.00</del> 24.00	<del>31.00</del> 31.00	7.00	27.00	44	.70	35 <sup>00</sup> 4H	.80
RSH	BET	<del>K3 WIC</del>	<del>48.00</del> 56.00	<del>49.37</del> 55.00	1.37	2.85	71	.69	55 <sup>00</sup> AS	.77
SGW	PSG	No service required					-	-		
SNG	AKN	Not in OAG					-	-		
KSM	ANC	WIC	147.00	159.00	12.00	8.16	442	.35	192 <sup>00</sup> AS	.43
SMK	UNK	WIC	35.00	38.00	3.00	8.57	47	.80		
SNP	ANC	RV	354.00	392.00	38.00	10.73	767	.51	392 <sup>00</sup> RV	.51
SDP	ANC	RV	245.50	272.00	26.50	10.79	557	.48	270 <sup>00</sup> RV	.48
UGI	ADD	KO	21.40	31.00	9.60	44.85	31	1.00	40 <sup>00</sup> KT	1.29
CAP	CSH	Not in OAG					-	-		
SVA	OME	<del>XY WIC</del>	<del>68.00</del> 76.00	<del>69.94</del> 102.00	1.94	2.85	162	.43	70 <sup>00</sup> AS	.43

one survey

	HUB	CARRIERS	82 FARE	83 FARE	\$ INCREASE	% INCREASE	great circle miles	1983 \$ Per mile	May 1985	1985 \$ Per Mile
SCM	BET	K3 WC	52.00	53.48	1.48	2.84	145	.36		
			60.00	59.00	-1.00	-1.66		.40		
WIK	OTZ	XY WC	40.00	41.15	1.15	2.87	74	.55	40 <sup>00</sup> AS	.54
			47.00	52.00	5.00	10.63		.70		
SHX	ANT	WC	56.00	61.00	5.00	8.92	77	.79		
SKK	OME	XY WC	75.00	77.14	2.14	2.85	130	.59	60 <sup>00</sup> AS	.46
			35.00 UNK	37.00 UNK	2.00 UNK	5.71 UNK		UNK		
JXP	KSM	WC	45.00	49.00	4.00	8.88	59	.83	49 <sup>00</sup> 2E	.83
SYA	ANC	RV	510.50	565.00	54.50	10.67	1456	.38	515 <sup>00</sup> RV	.39
SHH	OME	XY WC	58.00	59.60	1.60	2.86	122	.48	60 <sup>00</sup> AS	.49
			64.00	99.00	35.00	54.68		.81		
SHG	OTZ	XY WC	60.00	61.70	1.70	2.83	148	.41		
			68.00	75.00	7.00	10.29		.50		
SIT	JNU	AS	50.00	54.00	4.00	8	95	.56	65 <sup>00</sup> AS	.68
	NO SERVICE	REQUIRED	UNDER EAS							
SGY	JNU	SE SF	48.00	65.00	17.00	35.41	81	.80		
			55.00	70.00	15.00	27.27		.86		
SKW	ANC	Radio	OAG -	denied by	Allegiant Air	Service	denied		USPS Contract	
SLQ	ANT	WC	37.00	41.00	4.00	10.81	78	.52		
SOL	OME	Radio	OAG							
WSN	AKN	KS KN	30.00	30.80	.80	2.86	13	2.37		
			14.58							
WBB	UNK	WC	35.00	39.00	4.00	11.42	52	.75		
SVS	FAT	XG WC	44.00	54.00	10.00	22.72	90	.60		
			50.00	54.00	4.00	8		.60		
JRV	ANT	WC	41.00	45.00	4.00	9.75	98	.45		
TCT	MCG	WC	24.00	28.00	4.00	16.66	15	1.86		
TAL	FAT	XG WC	32.00	35.00	3.00	9.37	127	.27	48 <sup>00</sup> 4H	.38
			46.00	35.00	-11.00	-23.91		.27		
TLT	MCG	WC	24.00	28.00	4.00	16.66	13	2.15		
TEK	CDV	Radio	OAG	denied by	Champion Flying Service	denied			USPS Contract	
	NO SERVICE	REQUIRED	UNDER EAS							
TLA	OME	XY WC	45.00	46.30	1.30	2.88	59	.78	40 <sup>00</sup> AS	.68
			56.00	60.00	4.00	7.14		1.01		
E SPRINGS)TKE	JNU	AS/IA	42.00	45.00	3.00	7.14	50	.90	47 <sup>00</sup> IA	.94
KT	ADQ	O	27.23	28.00	.67	2.46	26	1.07	34 <sup>00</sup> KT	1.31

	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great Circle miles	1983 Per Mile	May 1985	1985 \$ Per Mile
	ON DEMAND						-			
TNC	OME	<del>XY WC</del>	<del>60.00</del> 68.00	<del>61.70</del> 75.00	<del>1.70</del> 7.00	<del>2.83</del> 10.29	103	<del>.59</del> .72		
TOG	DLG	<del>YY KD</del>	<del>35.00</del> 33.05	<del>36.00</del> 34.00	<del>1.00</del> .95	<del>2.85</del> 2.87	67	<del>.53</del> .50	20 <sup>00</sup> 4Y	.30
OOK	BET	<del>KJ WC</del>	<del>42.00</del> 48.00	<del>43.20</del> 48.00	<del>1.20</del> 0	<del>2.85</del> 0	113	<del>.38</del> .42		
TLT	BET	<del>KJ WC</del>	<del>24.00</del> 28.00	<del>24.70</del> 29.00	<del>.70</del> 1.00	<del>2.91</del> 3.57	36	<del>.68</del> .80		
WTL	BET	<del>KJ WC</del>	<del>22.00</del> 25.00	<del>22.63</del> 25.00	<del>.63</del> 0	<del>2.86</del> 0	41	<del>.55</del> .60		
TNK	BET	<del>KJ WC</del>	<del>42.00</del> 48.00	<del>43.20</del> 48.00	<del>1.20</del> 0	<del>2.88</del> 0	118	<del>.36</del> .40		
TWA	DLG	KJ	35.00	36.00	1.00	2.85	63	.57		
	SEE SAN JUAN						-	-		
UGA	AKN	KS	80.00	82.30	2.30	2.87	86	.95	80 <sup>00</sup> KS	.93
UMT	FAI	Not in OAG					-	-		
(OLSKI) TKO	CDB	RV	140.00	155.00	15.00	10.71	294	.52		
UNK	ANC	WC	140.00	152.00	12.00	8.57	-	.38		
UTO	GAL	<del>XG WC</del>	<del>-</del> 69.00	<del>78.00</del> 75.00	<del>-</del> 6.00	<del>-</del> 8.69	128	<del>.60</del> .58	86 <sup>00</sup> 4H	.67
VDZ	ANC	<del>XX VC</del>	<del>68.00</del> 59.70	<del>70.00</del> 59.35	<del>2.00</del> 1.65	<del>2.94</del> 2.85	125	<del>.56</del> .47	75 <sup>00</sup> AS	.60
VEE	FYU	<del>XG WC</del>	<del>26.25</del> 30.00	<del>34.00</del> 34.00	<del>7.75</del> 4.00	<del>29.52</del> 13.33	45	<del>.75</del> .75		
AIN	BRW	WC	45.00	69.00	24.00	53.33	87	.79	69 <sup>00</sup> 6C	.79
WAA	OME	<del>XY WC</del>	<del>60.00</del> 68.00	<del>61.70</del> 74.00	<del>1.70</del> 6.00	<del>2.83</del> 8.82	109	<del>.56</del> .67		
KWP	ADQ	KO	30.14	31.00	.86	2.85	37	.79	42 <sup>00</sup> KJ	1.08
WMO	OME	<del>XY WC</del>	<del>45.00</del> 56.00	<del>46.30</del> 60.00	<del>1.30</del> 4.00	<del>2.88</del> 7.14	62	<del>.74</del> .96		
WSM	FAI	XG	NOT IN OAG	126.00	-	-	190	.66		
	ON DEMAND						-	-		
WIRG	JNU	AS	69.00	75.00	6.00	8.69	154	.48		
YAK	ANC	AS	99.00	107.00	8.00	8.08	372	.28	118 <sup>00</sup> AS	.32
KZB	ADQ	KO	40.83	42.00	1.17	2.86	47	.85	55 <sup>00</sup> KJ	1.12

DISTRICT AIRFARE RATES  
 ROUNDTrip AIRFARE FROM/TO ANCHORAGE  
 MARCH 24, 1986

<u>REEVE ALEUTIAN</u>	<u>COACH</u>	<u>*SUPER SAVER</u>	<u>OTHER</u>
ADAK	\$ 866.00	650.00	
COLD BAY	604.00	453.00	
DUTCH HARBOR	620.00	465.00	
KING COVE	624.00	541.00	
SAND POINT	562.00	422.00	
SHEMIYA	1176.00	882.00	
ST. PAUL	816.00	612.00	
 <u>AIRPAC</u>			
DUTCH HARBOR	682.00	512.00	
 <u>MARKAIR</u>			
DILLINGHAM	320.00	241.00	163.00 (1)
KING SALMON	320.00	241.00	163.00 (1)
 <u>ALASKA AIRLINES</u>			
ILLIAMNA	162.00	120.00	

\* Reeve Aleutian: 7 days advance purchase  
 All others: 14 days advance purchase

(1) Weekend Rate

MEMORANDUM

TO: Representative Adelheid Herrmann  
 FROM: Melanie Ludvick *M.L.*  
 DATE: March 19, 1985  
 SUBJECT: District Airfare Rates

The following airfare rates are listed by airline and came directly from the airline reservation offices:

REEVE ALEUTIAN AIRWAYS

		<u>SUPER SAVER</u>
ADAK	\$ 790.00	\$ 592.00
COLD BAY	580.00	435.00
DUTCH HARBOR	596.00	448.00
KING COVE	600.00	519.00
SAND POINT	540.00	375.00
SHEMIYA	1130.00	847.00
ST. PAUL	784.00	588.00

AIRPAC

		<u>SUPER SAVER</u>
DILLINGHAM	366.00	241.00
DUTCH HARBOR	594.00	447.00
KING SALMON	336.00	218.00

MARKAIR

		<u>SUPER SAVER</u>	<u>WEEKEND RATE</u>
DILLINGHAM	320.00	241.00	186.00
KING SALMON	292.00	218.00	150.00

ALASKA AIRLINES

		<u>SUPER SAVER</u>
ILIAMNA	162.00	119.00

MEMO  
MARCH 19, 1985  
PAGE TWO

All of the regularly scheduled flights listed on the preceding page were for round trip and gives you an idea of what the average prices would be for traveling out to the district.

As for the communities without scheduled flight service from major airlines, the small charter services have some set rates to the smaller communities. If a set rate isn't available the charter services charge an average of about \$160.00 per hour for their smaller planes and go high for the larger planes. I spoke with people at both Yute Air and Peninsula Airways, the two main ones in the district, I think. The rest usually follow suit to keep in the competition.

ML

STATEMENT  
OF  
LARRY MERCULIEFF  
CS FOR HOUSE CONCURRENT RESOLUTION 36  
HOUSE FINANCE COMMITTEE  
March 27, 1986

Mr. Chairman, Members of the Committee, my name is Larry Mercurieff, representing the City of St. Paul and the St. Paul Trust. My primary task, as an economic development advisor for the City and the Trust, is to seek means by which the community of St. Paul can be economically self-sufficient before Trust funds (which support critical island services) are depleted. I also serve as chairman of the Western Alaska Fishery Loan Board of CEDC which administers a million dollars of revolving loan funds to support developing small boat fisheries in western Alaska.

I wish to speak in support of the committee substitute for HCR 36. As you all know, marine and air transportation to rural Alaska is extremely important for good economic development. In the west coast of Alaska, the primary means by which the communities can develop meaningful entre into the Bering Sea fisheries is by transporting product by air to the markets. In developing coastal fisheries, we have a chicken or egg syndrome. Efficient, low-cost marine transportation cannot financially justify stop-over in a community with low volumes of fish product

to transport. By the same token, developing fisheries communities cannot develop their full potential until low-cost and efficient marine transportation is available and local cold storage facilities are available. This requires, initially, that such communities transport product by air. Obviously, the more cost-efficient the air transportation, the more competitive such communities will be in the various fish markets, and thus, the more likely the developing fisheries will expand.

Needless to say, air transportation costs for passengers and cargo to and from rural communities is costly, affecting every aspect of community economic development. I believe the State of Alaska needs to obtain a clear picture of these costs and the factors which affect them in order to begin addressing the development of integrated and comprehensive plans which achieve the goal of lowering air and marine transport costs in rural Alaska. For example, one factor affecting air transport cost is the method of tendering the mail to the airlines by the U.S. Post Office. Should the U.S. Post Office consider changing their present policies (of what is called equitable tender of mail) to eliminate certain categories of air carriers or somehow make such categories less competitive in their tendering policies, many rural communities may receive less service or experience higher costs, or both, due to a lessening of competition. We understand that at least one special interest group is seeking just such policy changes within the U.S. Post

Office. The point is, the more aware we are of major factors affecting air transport costs, the more able we are to direct efforts to control such factors - and/or to develop plans to lower costs. Certainly we cannot make any impacts on costs without reliable information. We believe that the studies and analyses proposed by CS for HCR 36 is a good step in the right direction..

Thank you.



Dept. of Transportation & Public Facilities

# Position Paper

BILL NO: HCR 36 TRANS

TITLE: Intrastate Air Travel

APPROVED: *[Signature]*  
R. J. Knapp  
Commissioner

DATE: 2/12/86

The Department supports the goals of this bill which we assume to be a concern for reducing, insofar as practicable, the costs for air travel within the State of Alaska. However, there is some question as to how involved the State should get in private industry decisions in a deregulated environment.

The DOT&PF has undertaken a cursory review of air fares for one airline only. This paper (attached) indicates that for one air carrier serving in and out of Alaska, the per mile fare is higher for routes within the State. In evaluating this information, however, it is crucial to consider the different characteristics of the individual routes involved (traffic loads, staging length, competition, etc.)

Part of this analysis also compared costs for in-State routes with costs for routes of comparable length in the lower 48 states. In general, it appeared that the in-State routes were quite comparable and, in some cases, lower than the lower 48 routes of comparable length.

This information is very cursory and cannot be viewed as conclusive, but it does indicate that if there is unfair pricing within the State, it will likely be very difficult to prove.

The DOT&PF will administer the study suggested in HCR 36 if the Legislature deems it advisable. A description of the study is shown on the accompanying fiscal note.

- D R A F T -

ALASKA/LOWER 48 STATES AIR FARES

DOT&PF - STATEWIDE AVIATION

December 2, 1985

I. INTRODUCTION

This paper conducts two analyses of air fares. The first is a comparison of representative airlines (RA) air fares over three types of routes:

- (1) routes between points in Alaska,
- (2) routes between points in Alaska and points in the Lower 48 States, and
- (3) routes between points in the Lower 48 States.

The intent is to determine how RA air fares in Alaska compare to their air fares in the Lower 48 States. For ease of comparison and data collection, only coach and SuperSaver fares RA have been used.

The second analysis is a comparison of several of RA air fares and air fares of other airlines for trips of comparable length in the Lower 48 States. The intent of this analysis is to determine how RA air fares compare to fares of other airlines. Only coach fares have been compared, again for ease of comparison and data collection.

II. RA FARES; Within Alaska, Alaska to Lower 48 States, and Within the Lower 48 States

Table I compares average RA fares for three types of routes in Alaska and the Lower 48 States.

TABLE I  
RA  
AVERAGE COACH AND SUPERSAVER  
FARES/MILE

<u>RA Routes</u>	<u>RA Coach Fares/Mile</u>	<u>RA SuperSaver Fares/Mile</u>
Within Alaska	\$.30	\$.22
Alaska to Lower 48	.21	.15
Within the Lower 48	.22	.15

The Table shows that fares for travel within Alaska far exceed other fares. There may be a variety of explanations for this. Higher labor and operation costs and shorter stage lengths (flight distances) for RA routes within Alaska compared to the Lower 48 States could be one cause of the differential. In addition, traffic densities and load factors are likely to be lower in Alaska. The low traffic in Alaska also results in fewer carriers competing with RA compared to the relatively stiff competition for heavier traveled routes between Alaska and the Lower 48 States and between points in the Lower 48 States.

Table 1 also shows that RA fares for travel between Alaska and the Lower 48 States are comparable to their fares for travel within the Lower 48 States. Some fares are higher than others, but on the average, they are comparable.

Actual fares for travel between points in Alaska are shown in Table A-I in the Appendix. Only fares from Anchorage to outlying communities were used because RA routes to the outlying communities originate in Anchorage. For example, to fly Fairbanks to Deadhorse would require a flight from Fairbanks to Anchorage and another flight from Anchorage to Deadhorse.

Fares range from the highest fare/mile for service to Cordova which has low traffic, a short stage length and only air taxi competition, to the lowest fare in the Anchorage to Fairbanks market which has higher traffic, heavier loads, and greater competition. It should be noted that fares to points in Southeast Alaska are as much as three cents/mile less than the average fares for other routes within Alaska. These fares may be slightly artificially low due to subsidies provided through the Essential Air Service (EAS) program.

Actual fares for travel between Alaska and the Lower 48 States are shown in Table A-II in the Appendix. Fares have been shown from Anchorage, Fairbanks, and Juneau because most routes originate from these points. Coach and SuperSaver fares from Anchorage average about one cent/mile less than fares from Fairbanks and Juneau. The highest fares/mile are for routes to Seattle and Portland while the lowest fares/mile are for the longer routes to Phoenix and Tucson.

Actual fares for travel between points in the Lower 48 States are shown in Table A-III. Fares have been shown for travel from Seattle and Portland since most of the RA routes in the Lower 48 States arrive or depart from these cities.

### III. AIR FARES,

This analysis compares air fares for several of RA routes to fares of other airlines for routes of comparable length in the Lower 48 States. Only coach fares are compared and none of RA routes entirely within the Lower 48 States were examined.

Table II summarizes the results of this comparison. This table shows that, except for routes from Fairbanks to Seattle and Anchorage to Deadhorse, RA flights were consistently cheaper per mile than routes of comparable length by other airlines.

This data has limitations in that only 5 or 6 Lower 48 routes were used for each comparison. In addition, in the case of comparisons of routes within Alaska to routes in the Lower 48 States, in some instances the aircraft flown in the Lower 48 are different from aircraft flown in Alaska. Furthermore, many routes within Alaska utilize 737 aircraft equipped for cargo and passenger loads. In general, however, it appears that RA fares are generally lower than fares of other airlines in the Lower 48 for routes of comparable length.

TABLE II  
COMPARISON OF RA FARES TO OTHER AIRLINES' FARES

<u>RA Route</u>	<u>Approximate Stage Length</u>	<u>RA Coach Fare/Mile</u>	<u>Other Airlines' Average Coach Fare/Mile for Lower 48 Routes of Comparable Length</u>
Anchorage-Seattle	1450 miles	.22	.24
Fairbanks-Seattle	1550 miles	.25	.23
Juneau-Seattle	900	.25	.23
Ketchikan-Seattle	650	.27	.30
Anchorage-Deadhorse	627	.38	.36
Anchorage-Petersburg	577	.20	.36
Anchorage-Sitka	592	.23	.36
Anchorage-Wrangel	700	.27	.36
Anchorage-Bethel	500	.25	.42
Anchorage-Fairbanks	500	.21	.42
Anchorage-Nome	530	.37	.42
Anchorage-Kotzebue	540	.30	.42

The Lower 48 States routes used to compare to RA fares are shown in Tables A-IV-AIX.

#### IV. CONCLUSIONS

The data presented in this paper suggests three conclusions, based on a fare per mile comparison.

(1) RA air fares for travel within Alaska are substantially higher than its fares for travel to and within the Lower 48 States. Higher labor and operations costs in Alaska and lower stage lengths and load factors may be the primary reasons for the higher fares for travel in Alaska.

(2) RA air fares for travel from Alaska to the Lower 48 States are, on the average, comparable to RA fares for travel within the Lower 48 States.

(3) RA fares for travel within Alaska and from Alaska to the Lower 48 States are usually lower than fares of other airlines for routes of comparable length in the Lower 48 States.

TM/sg

# Alaska State Legislature



## House of Representatives

### Committee on Transportation

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4858

Rep. Bette Cato, Chairman

DATE: 12 FEBRUARY 1986  
TO: COMMITTEE MEMBERS  
FROM: STAFF  
RE: CSHCR 36

January 29, 1986 hearing on CSHCR 36:

Representative Herrmann, sponsor of the resolution, explained that the intent of HCR 36 was to direct the departments of Transportation and Commerce to develop information on what is causing the prices on travel to rural areas to be so high and to determine whether these prices are reasonable.

The change to HCR 36 and adopted as a committee substitute provided language clarification that the object of the study effort is to target on the major carriers who provide air service from the state's urban areas to and from rural Alaska... not directed to the small bush taxi operators.

There were several close-up students who testified in favor of the resolution who were from Sand Point, St. Paul; along with the Department of Transportation and Representative Wallis who also favored the resolution.

The committee discussed the use of the adjective "profiteering" of which a motion was made to remove the term; that motion failed.

A vote was taken to pass CSHCR 36 out of committee.

January 30, 1986

CSHCR 36 was brought before the committee to consider two fiscal notes and to allow testimony.

Reed Stoops, representing the Alaska Air Carriers Association stated that they are in favor of the study and that the focus of the study ought to be whether service to rural areas is even viable, not on an investigation that would focus on

unreasonable profits. AACA is not aware of the significant increases which are cited in the resolution, rather profits are at a historically low point right now. He requested the opportunity for additional information to work with the committee and/or sponsor on this resolution.

A motion was made to rescind the committee's action of the previous day and bring the resolution back before committee to allow the departments of Transportation and Commerce to revise their fiscal note and further clarify the intent of the resolution.

February 12, 1986

Additional information has been provided which is:

-2/12/86 fiscal note from DOT

-2/12/86 DOT position paper

-December 2, 1985 ALASKA/LOWER 48 STATES AIR FARES

It is staff's understanding that the Department of Transportation will be the lead agency on the directives of HCR 36 and will consult with the Department of Commerce as necessary. Thus, the reason for not having an up-dated fiscal note or position paper from the department of Commerce.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

July 3, 1985

MEMORANDUM

TO: Representative Adelheid Herrmann

FROM: Jonathan Sherwood  
Legislative Analyst

RE: Airfares in Rural Alaska  
Research Request 85-345

You requested that we provide information on the rise in airfare for routes in rural Alaska, and on the costs and other factors associated with such rises. We have examined an informal survey of rural airfares provided by the U.S. Department of Transportation and contacted individuals familiar with rural airlines operation and obtained the following information.

Recent Trends in Rural Airfares

It was the consensus among the individuals I contacted that, taken as a whole, rural airfares have not increased substantially during the last few years. Dianna Strain, Transportation Analyst for the U.S. Department of Transportation, provided an informal survey of rural airfares which compared rural airfares in 1982, 1983, and 1985 for over 100 routes (see attachment). The points included in the survey are locations designated "Essential Air Service Communities" under Section 419 of the Airline Deregulation Act of 1978. While it should be emphasized that the results of this survey are not conclusive, they are somewhat indicative of overall trends in rural airfares.

My review of the survey indicates that, based on data from 75 routes, the cost per mile of rural air travel increased at an annual rate of 3.7 percent between 1982 and 1985.<sup>1</sup> Based on data from 86 routes,

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<sup>1</sup>Fares were not available for all points for all years. Some routes were excluded because of inadequacy in the data. In addition, I compared fares only between the same carrier or comparable carriers. Discussions with officials in air transportation indicated that jet travel is priced at a premium compared to prop aircraft. While it is not possible to determine which aircraft are used on a particular route, I did not compare airlines which use jets extensively to those which do not.

rural airfares increased at an annual rate of 2.6 percent from 1983 to 1985. One reason why the rate of increase is greater for the 1982 to 1985 period is that the period includes an increase in the federal tax on airfares of 3 percent. The annual growth rate between 1982 to 1985 drops to 2.7 percent when this tax increase is factored out.

It should be noted that although the overall growth in rural airfares was small for the periods of comparison, airfares increased sharply on some routes. For example, fares for 39 of the 75 routes (52 percent) compared between 1982 and 1985 increased. Almost all of these increased by at least 10 percent; more than half increased by more than 25 percent (or 7.7 percent annual growth) and six of the routes increased by over 50 percent (or 14 percent annual growth). However, these increases were partially offset by many instances of sharp decreases in fares on other routes.

Between 1982 and 1985, four of the airlines whose fares were included in the survey went bankrupt. It is interesting to note that all six of the fares that increased by more than 50 percent in this period involved routes that were initially served by one of the bankrupt carriers. Three of these routes are in the Kodiak area and three routes were in the Interior.

~~According to Dianna Strain, the overall increases in rural airfares were less than the increases in fares of larger national and regional carriers over the same period of time. In comparison to rural airfares, Alaska Airlines reported a 10 percent increase in base fares in 1983, and a 12 percent increase in 1984.<sup>2</sup> Thus, over roughly the same period that rural airfares were increasing by 2.6 percent annually, a national carrier operating in Alaska was increasing fares by 11 percent annually.~~

Ted Lamb, with Seair Alaska, stated that one of the reasons rural airfares generally have not increased significantly is that there are currently too many seats available among rural carriers for all of the carriers to operate profitably. Currently, airlines are trying to capture a market share in recognition that not all existing carriers will be able to sustain profitable operations. Bob Jacobson, of Wings of Alaska and President of the Alaska Air Carriers Association, stated that because of deregulation, there are now more carriers and more competition. He noted that many carriers are operating with little or no profit margin.

Mr. Jacobson also cited stable insurance rates as a factor contributing to the small growth in rural airfares. Over the last few years, accident rates had been improving and rates have stabilized. However, he

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<sup>2</sup>Alaska Airlines, Annual Report 1984, p.9.

noted that accident rates appear to be increasing this year and carriers could be faced with increases in insurance rates in the near future.

### Discount Fares

Recently, major, national, and some regional airlines have begun offering very low discount fares. These fares, which are usually less than one-half the regular fare, make it possible for some people to fly most of the larger routes in the country for a significantly lower fare than was previously available. However, these fares usually have several restrictions; a limited number of such fares are available for each flight, reservations and payment must be made well in advance, and penalties are imposed for any changes or cancellations.

According to Dianna Strain, the larger carriers are offering these discount fares for competitive reasons. According to Alaska Airlines, the "discount fares implemented in early 1985...are expected to stimulate additional travel without affecting yields materially."<sup>3</sup> It would appear that these fares are intended to capture marginal fliers, not lower the cost of flying for the larger public.

Ms. Strain noted that although rural airlines generally have not instituted these fares, some carriers are instituting other types of discount fares to compete in their own markets. For example, Seair is offering a one-half price fare on some of its routes for tickets purchased after 4 p.m. on the day before the flight. Ted Lamb stated that rural carriers currently offer discounts to capture a larger market share; however, he questioned whether rural carriers could afford to offer discounts indefinitely, given the current financial status of many carriers.

### Costs of Operation for Rural Airlines

According to Ted Lamb, the cost of operating large commercial jet aircraft is significantly less than operating small aircraft when compared on a per-seat basis. Mr. Jacobson noted that insurance costs are a greater factor for small rural airlines in Alaska than for large carriers. Mr. Lamb acknowledged that some of the cost disadvantages of small carriers are offset by lower labor costs per hour; however, he did not believe that these costs would be lower if they were also computed on a per-seat basis. According to Dianna Strain, some rural airlines do price their fares below jet fares on the same route, but

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<sup>3</sup>Alaska Airlines, Annual Report 1984, p.9.

Representative Herrmann  
July 3, 1985  
Page Four

she explained that this was a competitive move, intended to offset the market's preference for jets, and it did not reflect lower operating costs.

\* \* \*

I hope that you find this information useful. If you have any questions, or if we can be of further assistance to you, please do not hesitate to contact us.

JS

Attachment

SURVEY OF PASSENGER COACH FARES AS PUBLISHED IN THE OAG

A COMPARISON BETWEEN MAY 1982 AND MAY 1983

The attached tabulation is an informal survey of passenger fares to Alaskan essential air service communities from their respective service hubs. The data was for the most part extracted from the May 1982 and May 1983 issues of the Official Airline Guide.

Southeast is currently being served by carriers who were subcontractors for Alaska Airlines. On a per mile basis, fares appear to be approximately 34% higher in Southeast over comparable stage lengths in the Bethel or Fairbanks bush.

Wien has competition at most bush points and remains the sole monopoly carrier at seven jet points and fewer than 15 bush points. Wien's May 1983 fares are approximately 9½% higher than SEAIR's in the Bethel bush and 21½% higher than Munz Northern in the Nome and Kotzebue bush. In 1982, when Air North was a relatively new 401 entrant in the Fairbanks, Bettles, Fort Yukon and Galena bush markets, their fares were substantially lower than Wien's. By May 1983, Air North had matched Wien's fares in all but seven markets. To meet Wien, Air North's fares have risen for the most part from 20 to 30%.

The purpose of this informal study is to compare fares a few months after tariff deregulation. It appears that most fares have not taken a substantial increase. The few isolated instances are primarily out of Juneau, and points where Wien is either the monopoly carrier, or where Wien's only competitor is also a Wien subcontractor, and as such charges the same fare as Wien.

Reeve's fares increased an average of 10½%, except a less than 3% increase for Dutch Harbor, the only Reeve market served by a competitor, Airpac.

SEAIR, Kodiak Western, Munz Northern, Peninsula and Yute have all had increases which average slightly less than 3% which offsets the tax increase of October 1982.

Peninsula's fares in 1982 were almost double what Kodiak Western charged in the King Salmon area.

Alaska's jet fares increased an average of 8% with the exception of Yakutat which increased about 20%.

Wien's fare increases appear to be patterned on competition rather than anything else. For the most part Wien did not increase their Bethel bush fares and in fact lowered several. Where Wien competes with Air North, fares increased by \$2, \$4, or \$7, however, Wien also had a few 12% decreases. A \$4 increase seems the most popular with Wien rather than a percentage. Wien's increases in the Nome and Kotzebue bush vary from seven to thirty-six percent. A glance at the June issue OAG indicates that Wien is lowering many of these fares with the advent of competition with Alaska Airlines in the Nome and Kotzebue bush. Wien's monopoly point Wainwright increased by 53% from May 1982 to May 1983, the largest single percentage increase of the points surveyed.

ALASKAN CARRIERS

AS - Alaska Airlines, Inc.  
IH - Channel Flying, Inc.  
JF - L.A.B. Flying Service, Inc.  
KJ - Sea Airmotive, Inc.  
KN - Tyee Airlines, Inc. *Bought by Trans Alaska*  
KO - Kodiak Western Alaska Airlines, Inc. *Chapter 7*  
KS - Peninsula Airways, Inc.  
RV - Reeve Aleutian Airways, Inc.  
WC - Wien Air Alaska, Inc. *Chapter 11*  
XG - Air North *Chapter 7*  
XX - Valdez Airlines *Chapter 7*  
XY - Munz Northern Airlines, Inc. - *Bought by Ryan Air*  
4Y - Yute Air Alaska, Inc.  
6D - Alaska Island Air, Inc.  
BF - MARK AIR  
2E - HERMENS AIR  
4H - HAROLD'S AIR  
6C - CAPE JIM THE

HUB POINTS

ADQ - Kodiak, Alaska  
AKN - King Salmon, Alaska  
ANC - Anchorage, Alaska  
BET - Bethel, Alaska  
BRW - Barrow, Alaska  
BTT - Bettles, Alaska  
CDB - Cold Bay, Alaska  
CDV - Cordova, Alaska  
DLG - Dillingham, Alaska  
FAI - Fairbanks, Alaska  
FYU - Fort Yukon, Alaska  
GAL - Galena, Alaska  
JNU - Juneau, Alaska  
KSM - St. Mary's, Alaska  
KTN - Ketchikan, Alaska  
OME - Nome, Alaska  
OTZ - Kotzebue, Alaska  
PSG - Petersburg, Alaska  
UNK - Unalakleet, Alaska

placed in the OAG

MAY 1982

MAY 1983

INCREASE INCREASE %

great circle miles

Per mile

May 1983

1985 1¢ per mile

	HUB	CARRIERS	FARE	FARE	INCREASE	INCREASE	%	great circle miles	Per mile	May 1983	1985 1¢ per mile
ADK	ANC	RV	379.00	419.00	.40.00	10.55		1192	.35	395 <sup>00</sup> RV	.33
AKK	ADD	KD	53.48	55.00	1.52	2.84		84	.65	50 <sup>00</sup> KT	.60
KKI	BET	<del>KJ WC</del>	<del>19.00 21.00</del>	<del>19.55 21.00</del>	<del>.55 0</del>	<del>2.89 0</del>		16	<del>1.22 1.31</del>		
AKT	BFT	<del>KJ WC</del>	<del>19.00 21.00</del>	<del>19.55 21.00</del>	<del>.55 0</del>	<del>2.89 0</del>		22	<del>.88 .95</del>		
KQA	CDB	RV	75.50	84.00	11.50	15.23		1173	.58	84 <sup>00</sup> RV	.59
AUK	KSM	WC	45.00	49.00	4.00	8.88		61	.80	49 <sup>00</sup> 2E	.80
WKK	DLG	4Y	21.00	21.60	.60	2.85		17	1.27	20 <sup>00</sup> 4Y	1.18
AET	BTT	WC XG	<del>28.00</del>	<del>31.88</del>	<del>3.88</del>	<del>13.85</del>		40	.79		
ABL	OTZ	<del>XY WC</del>	<del>60.00 68.00</del>	<del>61.70 74.00</del>	<del>1.70 6.00</del>	<del>2.83 8.82</del>		130	<del>.47 .56</del>		
NO SERVICE REQUIRED UNDER EAS											
AOS	ADD	KD	32.10	33.00	.90	2.80		54	.61	57 <sup>00</sup> KJ	1.06
AKP	BTT	<del>XG WC</del>	<del>59.00 68.00</del>	<del>70.00 70.00</del>	<del>11.00 2.00</del>	<del>18.64 2.94</del>		85	<del>.82 .82</del>		
ANT	ANC	WC	132.00	143.00	11.00	8.33		318	.44	134 <sup>00</sup> AS	.42
AGN	JNU	<del>IH AS</del>	<del>AS 53.00</del>	<del>IH 57.00</del>	<del>4.00</del>	<del>7.54</del>		59	.76	60 <sup>00</sup> IH	1.02
AKATLA) ANN	KTN	<del>AS KN</del>	<del>AS 25.00</del>	<del>KN 25.00</del>	<del>0</del>	<del>0</del>		22	1.13	15 <sup>00</sup> KN	1.08
ANV	ANI	WC	56.00	61.00	5.00	8.92		77	.79		
ARC	FYU	<del>XG WC</del>	<del>50.00 59.00</del>	<del>61.00 61.00</del>	<del>11.00 2.00</del>	<del>22 3.38</del>		108	<del>.56 .56</del>		
ATK	No service OAG										
ATT	BET	<del>KJ WC</del>	<del>19.00 24.00</del>	<del>19.55 21.00</del>	<del>.55 -3.00</del>	<del>2.89 -12.5</del>		16	<del>1.22 1.31</del>		
ATU	ANC	No service OAG									
W BRW	FAT	WC	147.00	159.00	12.00	8.16		503	.31	251 <sup>00</sup> BF	.50
AKTOVIK) BTI	FAT	<del>XG WC</del>	<del>99.00 114.00</del>	<del>100.00 100.00</del>	<del>1.00 -14.00</del>	<del>1.01 -12.28</del>		386	<del>.25 .25</del>		
WBO	FAT	<del>XG WC</del>	<del>54.00 62.00</del>	<del>69.00</del>	<del>7.00</del>	<del>11.29</del>		108	<del>.63</del>	34	
RFT	<del>ANC</del> BFT	<del>KJ WC</del>	<del>95.00 135.00</del>	<del>97.72 146.00</del>	<del>2.72 11.00</del>	<del>2.86 8.14</del>		399	<del>.24 .36</del>	134 <sup>00</sup> BF AS	SPECIAL FARE 61 <sup>00</sup> .17
BTT	FAT	<del>XG WC</del>	<del>72.00 84.00</del>	<del>75.00 75.00</del>	<del>3.00 -9.00</del>	<del>4.16 -10.71</del>		179	<del>.41 .41</del>		
NO SERVICE REQUIRED UNDER EAS											

	HUB	CARRIERS	MAY 1982 FARE	MAY 1983 FARE	± INCREASE	% INCREASE	great circle miles	1983 ¢ per mile	May 1985	1985 ¢ Per mile
KBC	FYU	XG WC	26.25 / 30.00	34.00 / 34.00	7.75 / 4.00	29.52 / 13.33	27	1.25 / 1.25		
BOW	CDV	Robin	OAG							
KTS	OMF	XY WC	45.00 / 56.00	46.30 / 60.00	-1.30 / 4.00	2.88 / 7.14	104	.72 / .93	40 <sup>00</sup> AS	.63
BKC	OTZ	XY WC	40.00 / 45.00	41.15 / 49.00	1.15 / 4.00	2.87 / 8.88	75	.54 / .65	40 <sup>00</sup> AS	.53
CDI	OMF/OTZ	Robin	OAG							
LUR	OTZ	XY WC	80.00 / 98.00	82.30 / 106.00	2.30 / 8.00	2.87 / 8.16	165	.49 / .64	80 <sup>00</sup> AS	.48
FHM	BET	K5 WC	59.00 / 68.00	60.70 / 67.00	1.70 / -1.00	2.88 / -1.47	148	.41 / .45		
CZF	BET	K5 WC	59.00 / 68.00	60.70 / 67.00	1.70 / -1.00	2.88 / -1.47	156	.38 / .42		
CYT	CDV	Robin	OAG							
CEM	FAT	XG WC	44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	22.72 / 8	104	.51 / .51	50 <sup>00</sup> 4H	.48
CTX	FYU	XG WC	26.25 / 30.00	34.00 / 34.00	7.75 / 4.00	29.52 / 13.33	41	.82 / .82		
WCR	BTT	Robin	OAG							
CYM	JNU	Robin	OAG							
KCN	DUT	Robin	OAG							
VAK	BET	K5 WC	52.00 / 60.00	53.48 / 59.00	1.48 / -1.00	2.84 / -1.66	136	.39 / .43	59 <sup>00</sup> AS	.43
CKX		Robin	OAG							
YF	BET	K5 WC	42.00 / 48.00	43.20 / 48.00	1.20 / 0	2.85 / 0	90	.48 / .53	48 <sup>00</sup> AS	.53
KCG	PTH									
KCE	PTH	Robin	OAG							
KCL	PTH									
CZN	CDV	Robin	OAG							
CXC	CDV									
CRC	FAT	XG WC	44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	22.72 / 8	131	.41 / .41	59 <sup>00</sup> 4H	.45
CHP	FAT	XG WC	44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	22.72 / 8	106	.50 / .50		
CLP	DLG	4Y KO	21.00 / 14.58	21.60 / 21.60	.60 / 7.02	2.85 / 48.14	14	1.54 / 1.54	20 <sup>00</sup> 4X	1.43
CDB	ANC	R	256.00	283.00	27.00	10.54	621	.45	290 <sup>00</sup> RV	.47



I	HUB	CARRIERS	82		83		INCREASE	%	great circle miles	1983		1985 & Per Mile
			FARE	FARE	FARE	FARE				per mile	1985	
	GST	JNU LPA AS	45.00 42.00	54.00 45.00	9.00 3.00	20 7.14	41	1.31 1.09	400 <sup>00</sup> AS	1.46		
	HNS	JNU SE JF	43.00 50.00	55.00 60.00	12.00 10.00	27.90 20	70	.78 .85	625 <sup>00</sup> AS	.93		
	HUI	JNU	NAB	OAG			-	-				
	HAY	OMP	NAB	OAG			-	-				
R)	HZA	FAT	NAM	OAG			-	-				
	HCR	ANT	WC	35.00	39.00	4.00	11.42	43	.90			
	HOM	ANC	VC	43.35	44.60	1.25	2.88	117	.38	60 <sup>00</sup> AS	.51	
	MNH	JNU	JF SE	37.00 33.00	45.00 42.00	8.00 9.00	21.62 27.27	35	1.28 1.20	47 <sup>00</sup> AS	1.34	
	HPB	BFT	KS WC	52.00 60.00	53.48 59.00	1.48 -1.00	2.84 -1.66	153	.34 .38	57 <sup>00</sup> AS	.39	
	HUS	GAL	XG WC	- 61.00	64.00 69.00	- 8.00	- 13.11	119	.53 .57	79 <sup>00</sup> 4H	.66	
	HSL	GAL	XG WC	- 35.00	39.00 39.00	- 4.00	- 11.42	69	.56 .56	45 <sup>00</sup> 4H	.65	
	HVG	KTN	KN AS	53.00 55.00	55.00 -	2.00 -	3.77 -	47	1.17 -	45 <sup>00</sup> KN	.96	
	TCY	CDV	NAB	OAG			-	-				
	IGG	AKN	KO/KS	KO	KS			52		40 <sup>00</sup> KS	.77	
	ILT	ANC	WC	75.00	81.00	6.00	8	195	.41	81 <sup>00</sup> AS	.42	
	KIB	PTH	NAB	OAG			-	-				
	KAE	PSG	AS/16D	41.00	44.28	3.28	8	40	1.10			
	<del>KAE</del>	NO SERVICE	REQUIRED	UNDER EAS				-	-			
	KLG	ANI	WC	24.00	28.00	4.00	16.66	26	1.07			
	KAL	GAL	XG WC	- 35.00	39.00 39.00	4.00 4.00	11.42 11.42	61	.63 .63	45 <sup>00</sup> 4H	.74	
	KYK	ADD	KO	36.94	37.99	1.05	2.84	74	.51	50 <sup>00</sup> KJ	.68	
	ENA	ANC	KS/WC XE/VC	20.00 35.00	20.57 33.48	-	-	60	Varies .34 to .55	37 <sup>00</sup> AS	.62	
	KTN	SEA	AS	149.00	156.00	7.00	4.69	679	.22	184 <sup>00</sup> AS WA	.27	
	IAN	OTZ	XY WC	40.00 45.00	41.15 49.00	1.15 4.00	2.87 8.88	59	.69 .83	40 <sup>00</sup> AS	.68	
	KVC	CDB	RV	38.00	42.00	4.00	10.52	19	2.21	42 <sup>00</sup> RV	2.21	
	KPN	BET	KS	42.00 48.00	43.20 48.00	1.20 0	2.85 0	96	.45 .50			

	HUB	CARRIERS	82 FARE	83 FARE	+	% INCREASE	great circle miles	¢ per mile	May 1985	1985 ¢ Per Mile	
	KKB	ADQ	KO	21.40	22.00	.60	2.80	31	.70	34 <sup>00</sup> KJ	1.10
	KVL	OTZ	XY WC	50.00 / 56.00	51.43 / 61.00	1.43 / 5.00	2.86 / 8.92	78	.65 / .78		
	KLW	KTN	KN AS	53.00 / 53.00	55.00 / -	2.00 / -	3.77 / -	58	.74 / -	50 <sup>00</sup> KN	.86
	OBU	OTZ	XY WC	65.00 / 75.00	66.85 / 84.00	1.85 / 7.00	2.84 / 12	156	.42 / .53		
	KGK	DLG	4Y KO	35.00 / 33.05	36.00 / 34.00	1.00 / .95	2.85 / 2.87	109	.52 / .49		
	KKH	BET	KJ WC	42.00 / 56.00	43.20 / 48.00	1.20 / -8.00	2.85 / -14.28	76	.56 / .63		
	KOT	KSM	WJP	56.00	61.00	5.00	8.92	68	.89	61 <sup>00</sup> 2E	.90
	KKA	OME	XY WC	75.00 / 88.00	77.14 / -	2.14 / -	2.85 / -	130	.59 / -		
	KVU	GAL	XG WC	- / 24.00	27.00 / 28.00	- / 4.00	- / 16.66	25	1.08 / 1.12	32 <sup>00</sup> 4H	1.28
	KWT	BET	KJ WC	19.00 / 21.00	19.55 / 21.00	.55 / 4	2.89 / 4	13	1.50 / 1.61		
	KWK	BET	KJ WC	42.00 / 56.00	43.20 / 48.00	1.20 / -8.00	2.85 / -14.28	80	.54 / .60	48 <sup>00</sup> AS	.60
	EMK	KSM	WC	45.00	49.00	4.00	8.16	63	.77	49 <sup>00</sup> RE	.78
4AG-AK	KWN	BET	KJ WC	34.00 / 40.00	34.97 / 40.00	1.97 / 0	5.79 / 0	71	.49 / .56		
	LMA	FAT	XG WC	68.00 / 45.00	69.90 / 49.00	1.90 / 4.00	2.79 / 8.88	148	.47 / .33	75 <sup>00</sup> 4H	.51
	KLN	ADQ	KO	44.72	46.00	1.28	2.86	58	.79	40 <sup>00</sup> KJ	.69
	ALZ	ADQ	KO	53.48	55.00	1.52	2.84	89	.61	74 <sup>00</sup> KJ	.83
	KLL	AKN	KJ KO	50.00 / 18.47	51.43 / -	1.43 / -	2.86 / -	31	1.65 / -	40 <sup>00</sup> KS	1.29
GS	MLY	FAT	XG WC	30.00 / 35.00	37.00 / 37.00	7.00 / 2.00	23.33 / 5.71	83	.44 / .44		
	KMO	DLG	4Y KO	21.00 / 14.98	21.60 / 15.00	.60 / .42	2.85 / 2.88	20	1.08 / .75	20 <sup>00</sup> 4Y	1.00
LEDGE	FTL	BET	KJ WC	48.00 / 56.00	49.37 / 55.00	1.37 / -6.00	2.85 / -1.78	75	.65 / .73		
	MYK	CDV	Non in OAG					-	-		
	MXV	CDV	Non in OAG					-	-		
	MCG	ANC	WC	79.00	73.00 <sup>+</sup>	-6.00	-7.59	221	.33	84 <sup>00</sup> AS	
	MDR	MCG	Non in OAG					-	-		
	MYA	BET	KJ WC	52.00 / 60.00	53.41 / 59.00	1.41 / -1.00	2.84 / -1.66	154	.34 / .38	59 <sup>00</sup> AS	.38

\* 84<sup>00</sup> AS planned to 115<sup>00</sup> ...  
Nov 52 ...

	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	¢ per mile	May 1985	1985 ¢ Per Mile
MNT	FAT	XG WC	- 27.00	33.90 30.00	- 3.00	- 11.11	39	.86 .76		
KMY	ADQ	KO	53.48	55.00	1.52	2.84	64	.85	67 <sup>00</sup> KJ	1.05
MOU	KSM	WC	24.00	28.00	4.00	16.66	14	2.00		
	NO SERVICE	REQUIRED	UNDER EAS				-	-		
NKK	AKN	Not in OAG					-	-		
WIAA	BET	KJ WC	19.00 21.00	19.55 21.00	.55 2.89	2.89	11	1.77 1.90		
PKA	BET	KJ WC	17.00 21.00	19.55 21.00	.55 2.89	2.89	6	3.25 3.50		
	NO SERVICE	REQUIRED	UNDER EAS				-	-		
KNW	DLG	XY KO	20.00 25.27	20.57 26.00	.57 .63	2.85 2.49	50	.41 .52		
WWT	BET	KJ WC	42.00 48.00	43.20 44.00	1.20 2.85	2.85	96	.45 .50	48 <sup>00</sup> AS	.50
WTK	OTZ	XY WC	40.00 45.00	41.15 47.00	1.15 4.00	2.87 8.88	48	.85 1.02	40 <sup>00</sup> AS	.83
ORU	OTZ	XY WC	35.00 40.00	36.00 42.00	1.00 3.00	2.85 7.5	43	.83 1.00	35 <sup>00</sup> AS	.81
JND	NO SERVICE	REQUIRED	UNDER EAS				-	-		
	NO SERVICE	REQUIRED	UNDER EAS				-	-		
NUL	GAL	XG WC	- 24.00	27.00 28.00	- 4.00	- 16.66	34	.79 .82	32 <sup>00</sup> 4H	.94
NUP	BET	KJ WC	19.00 21.00	19.55 21.00	.55 2.89	2.89	23	.85 .91		
ZNC	ANI	Not in OAG					-	-		
OLH	ADQ	KO	36.85	38.00	1.05	2.84	49	.77	30 <sup>00</sup> KJ	.61
KOY	ADQ	KO	53.48	55.00	1.52	2.84	77	.71	66 <sup>00</sup> KJ	.86
KOZ	ADQ	KO	14.58	15.00	.42	2.88	11	1.36	20 <sup>00</sup> KJ	1.81
KPK	ADQ	KO	44.72	Not in OAG			57		60 <sup>00</sup> KJ	1.05
	NO SERVICE	REQUIRED	UNDER EAS				-	-		
PEC	JNU	IH AS	AS 63.00	14 68.00	5.00	7.93	67	1.01	72 <sup>00</sup> IH	1.07
KPV	PTH	Not in OAG					-	-		
PSG	JNU	AS	62.00	67.00	5.00	8.06	123	.54		
PIK	AKN	KJ KO	20.00 45.00	22.30 47.00	2.30 1.30	2.87 2.84	84	.97 .55	80 <sup>00</sup> KS	.95

1/11/83

	HUB	CARRIERS	82 FARE	83 FARE	± INCREASE	% INCREASE	great circle miles	1983 & Per mile	May 1985	1985 & Per Mile		
	POS	KSM	UIC	21.00	28.00	4.00	16.66	116	1.75	28 <sup>00</sup> 2F	1.75	
	PTU	BET	<del>K3 UIC</del> 48.00 / 56.00	<del>49.37</del> 55.00	<del>1.37</del> -1.00	<del>2.85</del> -1.78	123	<del>.40</del> .44	55 <sup>00</sup>	AS	.45	
	PHO	OTZ	<del>XY WC</del> 65.00 / 75.00	<del>66.85</del> 84.00	<del>1.85</del> 9.00	<del>2.84</del> 12	150	<del>.41</del> .56	70 <sup>00</sup>	AS	.47	
	P1Z	BRW	6C	Not listed in OAG	6C	114.48	-	-	180	.63	130 <sup>00</sup> 6C	.72
	PCK	BTT	Not in OAG	OAG			-	-				
SONOKLE)	PCA	DLG	<del>4Y KO</del> 20.00 / 18.47	<del>21.60</del> -	<del>1.60</del> -	<del>8</del> -	28	<del>.77</del> -				
	KPY	ADD	KO	23.33	24.00	.67	2.87	24	1.00	29 <sup>00</sup>	KJ	1.21
	PTH	ANC	RV	192.00	212.00	20.00	10.41	424	.50	212 <sup>00</sup>	RV	.50
	ORI	ADD	KO	20.40	21.00	.60	2.94	16	1.31	20 <sup>00</sup>	KJ	1.25
		NO SERVICE REQUIRED UNDER EAS					-	-				
	KPR	ADD	KO	37.92	39.00	1.08	2.84	47	.82	51 <sup>00</sup>	KJ	1.09
HORSE)	<sup>see</sup> PUO	ANC	WC/AS	192.00	211.00	19.00	9.89	631	.33	257 <sup>00</sup> AS 284 <sup>00</sup> BF	.41 .45	
	UQF	DIG	<del>K5/4Y</del> K5 21.00	<del>4Y 21.60</del> 21.60	<del>.60</del> -	<del>2.85</del> -	12	1.80				
	RMP	FAI	<del>XG WC</del> 44.00 / 50.00	<del>54.00</del> 54.00	<del>10.00</del> 4.00	<del>22.72</del> 8	82	<del>.65</del> .65				
	RDV	ANT	UIC	37.00	41.00	4.00	10.81	73	.56			
	RBY	GAL	<del>XG WC</del> - / 24.00	<del>31.00</del> 31.00	<del>-</del> 7.00	<del>-</del> 7.00	44	<del>.70</del> .70	35 <sup>00</sup>	4H	.80	
	RSH	BET	<del>K3 WC</del> 48.00 / 56.00	<del>49.37</del> 55.00	<del>1.37</del> -1.00	<del>2.85</del> -1.78	71	<del>.69</del> .77	55 <sup>00</sup>	AS	.77	
	SGW	PSG	No service required	Required			-	-				
	SNG	AKN	Not in OAG				-	-				
	KSM	ANC	UIC	147.00	159.00	12.00	8.16	442	.35	192 <sup>00</sup>	AS	.43
	SMK	UNK	WC	35.00	38.00	3.00	8.57	47	.80			
	SNP	ANC	RV	354.00	392.00	38.00	10.73	767	.51	392 <sup>00</sup>	RV	.51
	SDP	ANC	RV	245.50	272.00	26.50	10.79	557	.48	270 <sup>00</sup>	RV	.48
	UGI	ADD	KO	21.40	31.00	9.60	44.85	31	1.00	40 <sup>00</sup>	KJ	1.29
CAP	CSH	CDB	Not in OAG				-	-				
	SVA	OME	<del>XY WC</del> 68.00 / 76.00	<del>69.94</del> 102.00	<del>1.94</del> 26.10	<del>2.85</del> 34.2	1162	<del>.43</del> .62	70 <sup>00</sup>	AS	.43	

the Survey

	HUB	CARRIERS	82 FARE	83 FARE	\$ INCREASE	% INCREASE	great Circle miles	1983 \$ Per mile	May 1985	1985 \$ Per Mile
SCM	BET	K3 WC	52.00	53.48	1.48	2.84	145	.36		
			60.00	57.00	-1.00	-1.66		.40		
WLK	OTZ	XY WC	40.00	41.15	1.15	2.87	74	.55	40 <sup>00</sup> AS	.54
			47.00	52.00	5.00	10.63		.70		
SHX	ANT	WIC	56.00	61.00	5.00	8.92	77	.79		
SKK	OME	XY WC	75.00 UNK	77.14 UNK	2.14 UNK	2.85 UNK	130	.59	60 <sup>00</sup> AS	.46
			35.00	39.00	4.00	11.43		UNK		
SXP	KSM	WC	45.00	49.00	4.00	8.88	59	.83	49 <sup>00</sup> 2E	.83
SYA	ANC	RV	510.50	565.00	54.50	10.67	1456	.38	515 <sup>00</sup> RV	.39
SHH	OME	XY WC	58.00	59.60	1.66	2.86	122	.48	60 <sup>00</sup> AS	.49
			64.00	99.00	35.00	54.68		.81		
SHG	OTZ	XY WC	60.00	61.70	1.70	2.83	148	.41		
			68.00	75.00	7.00	10.29		.50		
SIT	JNU	AS	50.00	54.00	4.00	8	95	.56	65 <sup>00</sup> AS	.68
	NO SERVICE	REQUIRED UNDER EAS								
SGY	JNU	SE 3E	48.00	65.00	17.00	35.41	81	.80		
			55.00	70.00	15.00	27.27		.86		
SKW	ANC	Radw	OAG -	skipped by Alaska Air Service					USPS Contract	
SLQ	ANT	WC	37.00	41.00	4.00	10.81	78	.52		
SOL	OME	Radw	OAG							
USN	AKN	K3 1K0	30.00	30.86	.86	2.86	13	2.37		
WBB	UNK	WC	35.00	39.00	4.00	11.42	52	.75		
SVS	FAT	XG WC	44.00	54.00	10.00	22.72	90	.60		
			50.00	54.00	4.00	8		.60		
JRV	ANT	WC	41.00	45.00	4.00	9.75	98	.45		
TCT	MCG	WC	24.00	28.00	4.00	16.66	15	1.86		
TAL	FAT	XG WC	37.00	35.00	3.00	7.37	127	.27	48 <sup>00</sup> 44	.38
			41.00	35.00	-6.00	-14.63		.27		
TLT	MCG	WC	24.00	28.00	4.00	16.66	13	2.15		
TEK	CDV	Radw	OAG	skipped by Chrono Flying Service					USPS Contract	
	NO SERVICE	REQUIRED UNDER EAS								
TLA	OME	XY WC	45.00	46.30	1.30	2.88	59	.78	40 <sup>00</sup> AS	.68
			56.00	60.00	4.00	7.14		1.01		
SPRINGS)THE	JNU	AS/1H	42.00	45.00	3.00	7.14	50	.90	47 <sup>00</sup> 1H	.94
KTI	ADQ	0	27.23	28.00	.67	2.46	26	1.07	34 <sup>00</sup> KT	1.31

	HUB	CARRIER	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	1983 Per Mile	May 1985	1985 ¢ Per Mile
1	ON DEMAND						-			
TNC	OME	XY WC	60.00 68.00	61.70 75.00	1.70 7.00	2.83 10.29	103	.59 .72		
TOG	DLG	4Y KO	35.00 33.05	36.00 34.00	1.00 .95	2.85 2.87	67	.53 .50	20 <sup>00</sup> 4Y	.30
OOK	BET	KJ WC	42.00 48.00	43.20 48.00	1.20 0	2.85 0	113	.38 .42		
TLT	BET	KJ WC	24.00 28.00	24.70 29.00	.70 1.00	2.91 3.57	36	.68 .80		
WTL	BET	KJ WC	22.00 25.00	22.63 25.00	.63 0	2.86 0	41	.55 .60		
TNK	BET	KJ WC	42.00 48.00	43.20 48.00	1.20 0	2.85 0	118	.36 .40		
TWA	DLG	KJ	35.00	36.00	1.00	2.85	63	.57		
	SEE SAN JUAN						-	-		
UGA	AKN	KS	80.00	82.30	2.30	2.87	86	.95	80 <sup>00</sup> KS	.93
UMT	FAT	Not in OAG					-	-		
LSKI) TKO	CDB	RV	140.00	155.00	15.00	10.71	294	.52		
UNK	ANC	WC	140.00	152.00	12.00	8.57	-	.38		
UTO	GAL	XG WC	- 69.00	78.00 75.00	- 6.00	- 8.69	128	.60 .58	36 <sup>00</sup> 4H	.67
VDZ	ANC	XX VC	68.00 57.70	70.00 59.35	2.00 1.65	2.94 2.85	125	.56 .47	75 <sup>00</sup> AS	.60
VEE	FYU	XG WC	26.25 30.00	34.00 34.00	7.75 4.00	29.52 13.33	45	.75 .75		
AIN	BRW	WC	45.00	69.00	24.00	53.33	87	.79	69 <sup>00</sup> 6C	.79
WAA	OME	XY WC	60.00 68.00	61.70 74.00	1.70 6.00	2.83 8.82	109	.56 .67		
KWP	ADQ	KO	30.14	31.00	.86	2.85	39	.79	42 <sup>00</sup> KJ	1.08
WMO	OME	XY WC	45.00 56.00	46.30 60.00	1.30 4.00	2.88 7.14	62	.74 .96		
WSM	FAT	XG	NOT IN OAG	126.00	-	-	190	.66		
	ON DEMAND						-	-		
WRG	JNU	AS	69.00	75.00	6.00	8.69	154	.48		
VAK	ANC	AS	99.00	107.00	8.00	8.08	372	.28	118 <sup>00</sup> AS	.32
KZB	ADQ	KO	40.83	42.00	1.17	2.86	47	.85	55 <sup>00</sup> KJ	1.12

Offered: 2/14/86  
Referred: Finance

Original sponsors: Herrmann, Wallis  
and Thompson

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 36 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to intrastate airline travel.

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

7 WHEREAS intrastate air travel is an essential and often the only  
8 effective means of transportation to and from rural areas of the state; and

9 WHEREAS competitive market forces in many other states have caused a  
10 decline in commercial air fares; and

11 WHEREAS these same competitive forces have not caused a significant  
12 decline in air fares offered by the major carriers for travel to and from  
13 rural areas of the state; and

14 WHEREAS the cost of air travel to and from rural areas of the state  
15 has become prohibitively expensive; and

16 WHEREAS the high cost of air travel to and from rural Alaska has the  
17 appearance of profiteering and may constitute a violation of state or  
18 federal law;

19 BE IT RESOLVED by the Alaska State Legislature that the Governor is  
20 respectfully requested to direct the Department of Transportation and  
21 Public Facilities, and the Department of Commerce and Economic Development  
22 to jointly investigate the tariffs charged by major air carriers servicing  
23 rural areas of the state; and be it

24 FURTHER RESOLVED that the results of the investigation and in parti-  
25 cular recommendations for action by the legislature be reported to the  
26 First Session of the Fifteenth Legislature by January 31, 1987.

C O R R E C T I O N

Discard CSHCR #36 (TRSP  
and retain this corrected version.

Offered: 2/14/86  
Referred: Finance

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25 cular recommendations for action by the legislature be reported to the  
26 First Session of the Fifteenth Legislature by January 31, 1987.

Introduced: 5/9/85  
Referred: Transportation  
and Finance

BY HERRMANN, WALLIS AND  
THOMPSON

1 IN THE HOUSE

2

HOUSE CONCURRENT RESOLUTION NO. 36

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Relating to intrastate airline travel.

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

7

WHEREAS intrastate air travel is an essential and often the only  
8 effective means of transportation in rural areas of the state; and

9

WHEREAS competitive market forces in many other states has caused a  
10 decline in commercial air fares; and

11

WHEREAS these same competitive forces have not caused a decline in  
12 air fares in the rural areas of the state; and

13

WHEREAS the cost of air travel in rural areas of the state has become  
14 prohibitively expensive; and

15

WHEREAS the high cost of rural air travel has the appearance of  
16 profiteering and may constitute a violation of state or federal law;

17

BE IT RESOLVED by the Alaska State Legislature that the Governor is  
18 respectively requested to direct the Department of Transportation and  
19 Public Facilities, and the Department of Commerce and Economic Development  
20 to jointly investigate the tariffs charged by rural air carriers in the  
21 state; and be it

22

FURTHER RESOLVED that the results of the investigation and in parti-  
23 cular recommendations for action by the legislature be reported to the  
24 Second Session of the Fourteenth Legislature by January 31, 1986.