

H J R

16

STOOPS ASSOCIATES

Reed R. Stoops

Suite 218 Merchants Wharf

Lee M. Stoops

*No. 2 Marine Way**Consulting, Government**Juneau, Alaska 99801**Relations, Management**907-586-3567**Services*

February 22, 1985

The Honorable Frank Murkowski
United States Senate
317 Hart Building
Washington, D.C. 20510

HJR 16

Dear Senator Murkowski:

On behalf of the Alaska Air Carriers Association, I recently contacted Mr. Arthur Barnes, Office of Essential Air Services, Services Analysis Division I, Department of Transportation, 400 7th Street S.W., Washington, D.C. 20590, to inquire as to the status of the study required by Section 16 of the C.A.B. Sunset Act. The study is intended to look at the feasibility of providing alternative air service to Southeast Alaska communities now receiving subsidies under Section 419 of the Federal Aviation Act (see enclosure). The study is supposed to be completed and submitted to Congress by January 1, 1986.

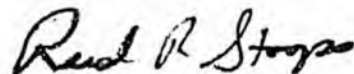
I learned from Mr. Barnes that no work has been done to date, nor is there a plan for how the study will be conducted. The reasons given for the lack of progress include the recent transfer of the Division to D.O.T., and uncertainty regarding future funding for the Division beyond the current fiscal year.

As the Air Carriers have a significant interest in the future of essential air service, we appreciate your assistance in attempting to reinstate funding for essential air service in the FY 86 federal

budget. We would further like to request your assistance in contacting the Office of Essential Air Services for the purpose of encouraging them to complete the study required by Congress, and to let us know how we might be involved in providing information to the Department during the study. We are certain that there will be substantial interest by the communities - Wrangell, Petersburg, Gustavus, Cordova, and Yakutat - which are affected by the study.

Thank you for your continuing interest and support for the aviation industry in Alaska.

Sincerely,



Reed R. Stoops

Stoops Associates, Inc.

cc. Rep. Cato

Falls Church, Virginia, station of the Washington, D.C. metrorail system and Dulles International Airport in Virginia. The study shall include, but need not be limited to, a study of the feasibility of heavy rail, light rail, monorail, magnetic levitation systems, and any other appropriate transportation systems. The Secretary shall study the feasibility of each such system with and without intermediate stops.

(b) The Secretary shall complete the study required by subsection (a) and transmit the results thereof to Congress not later than one year after the date of enactment of this Act.

AIR SERVICE IN THE STATE OF ALASKA

SEC. 16. (a)(1) Notwithstanding any other provision of law, with respect to air transportation to each of the points in Alaska listed in paragraph (4), essential air transportation for purposes of section 419 of the Federal Aviation Act of 1958 shall neither be specified at a level of service nor operated with aircraft of lesser seating and cargo capacity than provided for in CAB Order 80-1-167 and its Appendices unless otherwise specified under an agreement between the Department of Transportation and the State of Alaska, after consultation with the community affected. This paragraph shall cease to be in effect on January 1, 1987.

(2) Notwithstanding any other provision of law, the total amount of compensation which may be paid under section 419 of the Federal Aviation Act of 1958 with respect to the points in Alaska listed in paragraph (4) shall not exceed \$3,572,778 for each of the fiscal years 1985 and 1986 and shall not exceed \$893,195 for service provided during the period beginning October 1, 1986, and ending at the close of December 31, 1986.

(3) The Secretary of Transportation shall study the feasibility of providing essential air transportation to each of the points in Alaska listed in paragraph (4) with aircraft having a smaller capacity than that required by paragraph (1), the level of compensation which would be required under section 419 of the Federal Aviation Act of 1958 for such transportation, and the impact of using such aircraft on the air transportation system in Alaska. The Secretary shall complete such study and submit a report of the results of such study to Congress not later than January 1, 1986.

(4) The points in Alaska referred to in paragraphs (1), (2), and (3) are Cordova, Yakutat, Gustavus, Petersburg, and Wrangell.

(b) Notwithstanding any other provision of law, no part of the order of the Civil Aeronautics Board in CAB docket number 38961 (CAB Order 84-6-77) shall enter into effect until after December 31, 1984.

And the Senate agree to the same.

NORMAN Y. MINETA,
GLENN M. ANDERSON,
ROBERT A. ROE,
GENE SNYDER,
JOHN PAUL HAMMERSCHMIDT,
Managers on the Part of the House.

SCS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to essential air service.

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

WHEREAS Alaskan air carriers are recipients of federal funding under the U.S. Department of Transportation Essential Air Service program; and

WHEREAS the President of the United States has proposed a budget for fiscal year 1986 that would eliminate the Essential Air Service program; and

WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504) Congress provided that the program would continue until 1988; and

WHEREAS more than 38 Alaskan communities would be directly and adversely impacted, and dozens of others would be indirectly impacted [ALASKA HAS 38 COMMUNITIES THAT WOULD BE ADVERSELY AFFECTED] by elimination of the funding; and

WHEREAS the Essential Air Service program provides communities with necessary passenger, mail, and cargo service; and

WHEREAS a lack of a state highway system forces Alaskans to be dependent on air travel; and

WHEREAS Alaskan air operators have been developing free market alternatives consistent with the deregulation of air transportation and the scheduled termination of the subsidy in 1988; and

WHEREAS a reduction or elimination of funds for the Essential Air Service program at this time will almost certainly cause a reduction or elimination of air service to those communities where it is not economically feasible to maintain present service without this program;

BE IT RESOLVED by the Alaska State Legislature that Congress fully fund the Essential Air Service program and that the U.S. Department of Transportation adhere to the scheduled 1988 timetable for elimination of the program.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Robert Dole, Majority Leader of the Senate; the Honorable Thomas P. "Tip" O'Neill, Speaker of the U.S. House of Representatives; the Honorable Elizabeth Dole, Secretary of Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: House Joint Resolution No. 16
TITLE: Essential Air Service

APPROVED: *W. J. Knapp*
R. J. Knapp
Commissioner
DATE: 2-15-85

The Department of Transportation and Public Facilities supports full funding by the federal government of the Essential Air Service (EAS) program. House Joint Resolution No. 16 resolves that the Federal DOT continue funding for EAS through the scheduled 1988 elimination of Essential Air Service subsidies. However, the Department has yet to take a position on the scheduled 1988 timetable for elimination of the program and would like to refrain from any position for or against the 1988 elimination of EAS subsidies. During this interim period (1985-1988) the Department will continue to monitor the effects on air service in Alaska due to changes made by the federal government as a result of airline deregulation. From the Department's perspective, the gradual reductions in federal EAS subsidies have not created unmanageable detrimental effects on air service to Alaska's communities.

The transition over the last two years from Section 406 to Section 419 passenger service subsidies has eliminated all locations from the subsidy program that can be served without federal support. It is important to note, however, that one reason that many points are now served without subsidy is that payments for federal mail contracts have allowed cross-utilization of aviation traffic. In some cases, we suspect that the mail subsidy is paying for some of the costs of passenger service.

The 38 communities still remaining in the Essential Air Service program are dependent on federal support to enable them to receive the minimum service considered necessary. It is imperative that the federal program be funded through at least 1988.

FEB 20 1985

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMEN'S BAY

Alaska State Legislature



House of Representatives

REPRESENTATIVE
DAVE THOMPSON
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2487
(907) 465-2498
P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(LIO)(907) 486-8115

MEMORANDUM

2/20/85

TO: Representative Bette Cato

FROM: Representative Dave Thompson *DW*

SUBJECT: Essential Air Service

The following information on current and proposed Essential Air Service subsidies to Alaska air carriers and communities served is provided at your request.

The communities currently served with Essential Air Service subsidies, the air carriers providing that service and the amounts those air carriers are receiving, according to U.S. Dept. of Transp., Anchorage, are:

1. Southeast communities; Cordova, Gustavus, Petersburg, Wrangle, and Yakutat
Served by; Alaska Airlines
Subsidy; \$3,572,778

Southeast communities; Boswell Bay, Cape Yagataga, Chitna, and Icy Bay
Served by; Chitna Air
Subsidy; \$112,986
2. Kodiak communities; Akhiok, Amhok Bay, Karluk, Kitoi Bay, Larson Bay, Lazy Bay, Moser Bay, Old Harbor, Olga Bay, Ouzinkie, Parks, Port Bailey, Port Lions, Port Williams, Uganik, Terror Bay, West Point, and Zachar Bay
Served by; Sea Air
Subsidy; \$488,735
3. Aleutian Chain communities; Akutat, Atka, and St. George
Served by; Peninsula Airways
Subsidy; \$298,330

4. Chitina River Area; Chisana, McCarthy, and May Creek
Served by; Elias Air Taxi
Subsidy; \$56,333

Other communities being considered for service via Essential Air Service subsidies include:

1. Seward - approximate subsidy; \$50,000
2. Captovic- no proposals
3. Wiseman - approximate subsidy; \$11,000
4. Central and Circle - approximate subsidy; \$4,000
5. Cape Romanzoff and Cape Newenham - approximate subsidy;
\$173,000
6. Nome Area: Council - no proposals

Total essential air service subsidy available for the State of Alaska appears to be between \$4.5 and \$5 million dollars.

Rural residents would be left stranded by program is cut

Continued from page C-1

residents \$8 million and those on St. Paul got \$12 million.

"We have a commitment now to get out on our own but we need regular air service to accomplish our goals," Wilson said.

St. George Mayor Max Malavansky said the air service also is essential in helping islanders build a tourist industry. Every summer more and more tourists visit St. George's 1,872-acre bird refuge.

"When you start comparing our needs to other areas, you really get mad," Wilson said.

Because many of the areas served by the Essential Air Service Program are one-industry towns, many

community leaders claim that entire economies could collapse.

Bruce Vonada, city manager of Yakutat, said the Southeast community of 750 residents would be dead in the water without the air service. Yakutat, located 220 air miles from Juneau, currently is served by Alaska Airlines with two flights a day.

Ray Vecchi, vice president of planning for Alaska Airlines, said it was too early to tell what the airline would do if subsidies are cut.

"We know the people need the service," he said. "We don't just haul passengers. We also carry freight to these communities."

While most carriers are waiting for official confirmation of the proposed subsidy cuts,

some commuter air carriers hope they can get enough work from the U.S. Postal Service to continue flying into remote Alaskan communities.

The postal service pays more than \$30 million a year in subsidies to haul mail throughout the state. In years past, the postal service contracted with one carrier for mail deliveries to a particular town. Later, contracts were split equally among all federally-certificated carriers, which, in effect, gave the smaller commuters a chance of survival.

Teresa Foode of Chitina Air Service said she's not going to worry about the proposed cuts until next year.

Although 15 to 20 percent of the Chitina Air budget comes

from federal subsidies, Foode believes the postal service will pick up where the federal government left off and keep commuters flying to rural areas. Chitina Air serves the sparsely populated communities of Boswell Bay, Cape Yakataga, Chitina and Icy Bay.

"I know the folks would miss us out there," Foode said. "I don't think some people realize how difficult travel is here in Alaska."

But officials at the Essential Air Service office in Washington, D.C., said they realize the importance of transportation subsidy to rural communities.

"Our phones have been ringing off the hooks about the issue," said John Coleman, director of the Office of Essential Air Service.

Coleman said he was just as surprised as everyone else about the proposal to dismantle his office. "We're simply waiting like everyone else to hear what's going to happen."

The Essential Air Service Program was supposed to run to 1988, Coleman said. But governmental red ink may force an early retirement for the program administered by 41 people.

Coleman was quick to say that he thinks there will be loud protest about it. "We expect a flurry of debate," he said.

Most Alaskan communities and commuter air services directly impacted by the subsidy cuts are banking on the Alaska congressional delegation to solve the problem.

As one Alaskan pilot observed: "Our congressional delegation will deal with this problem like heavyweight contenders training in seclusion. We don't have to panic yet."

Members of the Alaska congressional delegation say they will fight the cuts, but they will not take any action until the actual budget is revealed, said a spokesperson from Sen. Ted Stevens office in Washington, D.C.

Last September, Stevens introduced an amendment to assure continuation of subsidies to five Southeast Alaskan communities served by the Essential Air Service program, the spokesman said.

Alaska business

Commission seeking public comment

For those who find it difficult finding advertised grocery items, the Federal Trade Commission is seeking public comment on the Advertising Item Availability Rule.

The rule requires grocery stores to have unlimited stock of an advertised item or at least a quantity sufficient to provide the item to the last customer on the last day of the sale, at the advertised price. This rule does not apply to retail outlets such as department stores, variety stores or hardware stores, or food items sold by these retailers. For information call the Better Business Bureau of Alaska at 276-5901.

Johnson joins as member relations specialist

Lana Johnson, former managing editor of The Anchorage Times, has joined Chugach Electric Association Inc. as member relations specialist.

Johnson's duties include individual consumer activities, public outreach and the production of various newsletters, press releases, brochures and the annual report. A 13-year Anchorage resident, Johnson joined The Times in 1971 as oil and gas reporter and held a variety of positions at The Times, including copy desk chief and Sunday/Lifestyles editor. In 1982 she was chosen managing editor and was responsible for the day-to-day operations at the state's largest newspaper. Johnson has a bachelor's degree from the University of Wyoming and was the first woman to receive a graduate assistantship in political science at the university. A member of the Alaska Press Club, Johnson is a former president of the Alaska Newspaper Association and has served on the steering committee for Alaska Journalism Week.



Lana Johnson

Stores to officially change names

Army/Navy Stores will officially change names to Big Ray's All Weather Outfitters, Feb. 14 with the opening of a new retail store in the Town and Country Square mall on Benson Boulevard.

The store will feature the complete line of industrial workwear, camping and sport equipment and leisure clothing that Army/Navy stores have carried for years. Also opening the same day in the same location is Big Ray's Luggage Locker, which will offer a variety of luggage lines. The Fourth Avenue store will be referred to as Big Ray's Army/Navy and the stores in Kenai and Fairbanks will be called Big Ray's All Weather Outfitters.

Sayer appointed regional manager

CIE Systems Inc. has appointed Michael Sayer Northwest regional manager.

Sayer will be based in CIE's regional sales office in Santa Clara, Calif. He will help direct CIE's sales efforts in Alaska, Western Canada, Northern California, Oregon, Washington, Wyoming, Montana and Idaho. Before joining CIE, Sayer spent seven years with Rair Computer Corp. in London, England and Cologne, West Germany and eventually was appointed vice president of sales. He has a bachelor's degree from Hatfield Polytechnic in Hertfordshire, England and is a member of the British Institute of Management.



Michael Sayer

Three merchants join Northway Mall

Three new merchants have joined Northway Mall. They are: The Mad Hatter, Pier 49 Imports and Joanne Fabrics.

The Mad Hatter sells a large selection of formal and informal headgear including such brands as Stetson and Borshalino. The store also carries sheepskin jackets, gloves and other leather goods. Pier 49 Imports carries a variety of furniture, rugs, baskets, clothing and gift items imported from around the world. Joanne Fabrics features a wide range of fabrics in many colors, textures and patterns. The fabric store also offers a mailing service to rural communities.

Seatronics adds Turk to Anchorage staff

Seatronics Inc. has added James Turk to its Anchorage office's sales engineering department.

Turk will be responsible for the application and sales engineering of building automation, temperature control and energy management systems. Turk recently left a similar position with Honeywell Commercial Controls Division in Seattle. Seatronics is a 30-year-old company and is known for its engineering, installation



Drug firm rebound could pay speculators

Key Pharmaceuticals (KPH, ASE, 10 3/8, 12-month range 8-20 1/4) has seen its earnings falter," says Fred Gordon's The Plain Talk Investor from Northbrook, Ill. "But, there appears to be a buy-bias here after the stock's dizzying fall from over 20 to a bottom of 8. Further out, strong earnings and sales could put this manufacturer of over-the-counter and prescription drugs (mainly controlled-dosage angina and respiratory drugs) on the upswing. This issue is for speculators only."

"To say that 1985 is off to an auspicious start drastically understates the case," says Market Logic from Fort Lauderdale, Fla. "The market's upward momentum is impressive and is fully supported by our indicators. On the negative side, some short-term indicators are not yet bullish, and



Dick Davis

the widespread optimism by market pundits is a source of concern. However, our forecasting models, which optimally weigh all relevant factors, point to stocks being 25 to 43 percent higher a year hence. This suggests that record highs for all averages is only a matter of time."

According to Consensus of Insiders, also from Fort Lauderdale, the most undervalued industry, which has most underperformed the market during the last six months, is electronic-equipment

manufacturing. The advisory service cites such examples as BMC Industries (BMC, NYSE, 13 1/8) and Silicon General (SILN, OTC, 9). The most overvalued industry, which has most outperformed the market during the last six months, is electric and gas companies. Some examples offered by the service are New York Electric & Gas (NKG, NYSE, 22 5/8), Philadelphia Electric (PE, NYSE, 15 3/4) and Washington Water Power (WWP, NYSE, 20).

"Technical measure of the market's internal strength has moved to new all-time highs," says Andrew Addison's The Addison Report from Quincy, Mass. "The weekly advance-decline line of the NYSE has just pierced a 19-year triple top. This tremendous technical accomplishment demonstrates that the market's internal strength is spectacular, and will

pull all the averages to significantly higher all-time highs. The bullish action of foreign stock markets, the reduced supply of stock due to corporate takeovers and buybacks, and the record short interest ratio add to this bullish view. Our monetary indicators are also powerfully bullish with two cuts in the discount rate, an extremely positive spread between short-term and long-term interest rates, and the Fed funds rate having broken a 2-year downtrend. With these technical and monetary indicators so bullish, any downside risk is limited. Long-term investors should remain 100 percent invested."

Dick Davis is an employee of a member firm of the New York Stock Exchange and publishes his own market letter.

Deregulation may hurt remote service

Continued from page C-1

carriers, moved people around the rest of the state.

Then came deregulation. Deregulation struck the fancy of many of the nation's travelers, who heralded an end to the old monopoly structure and the "we don't care, because we don't have to" attitude of some airlines.

But it also struck fear in rural and remote townspeople, who envisioned themselves stuck on the ground.

To sell deregulation to Congressmen who also feared the larger airlines would fly away from constituents, a new subsidy program emerged.

The new Essential Air Service

program is aimed at providing a period of transition for small towns deserted by the large airlines. The subsidies are based on an established minimum level of service in each eligible community as of July 1976 or two flights per week, whichever was greater.

Unlike the old subsidy system which was based on the carriers' systemwide operations, the new program limited federal funds to expenses of operating in the designated routes.

The program is set to expire in 1988. But President Reagan plans to ask Congress to end the program two years early to save money.

The old subsidy program was to remain in effect until 1986, but

Congress stop funding the program in 1982. Alaska's air carriers then were forced to formally withdraw from the old system before getting into the new program.

But under the new program, another new carrier could step in and, if it could guarantee similar or better service without a need for federal money, the CAB withdrew the subsidy for that town. The airline that previously operated in the town with a subsidy was out of the money.

At that point, Wien warned it might pull out of the Bush. Wien president James Flood, who bought the airline a year later, said the company could not justify flying on money-losing Bush routes.

During the refiling process, "most points were picked up on a

non-subsidized basis," Steinman said.

Alaska Airlines gradually pulled out of most Bush communities, concentrating its state operations in the larger communities. In 1984, Wien had withdrawn from most Bush routes. By the end of the year, the company had filed for reorganization under federal bankruptcy laws.

Steinman said he could recall only a handful of the new carriers that closed shop or merged with other airlines. Among those are Kodiak Western, which folded, and Munz, which merged with Ryan Air.

"It can't be good out there and we keep thinking the shake out will come each winter," he said. "But so far, most carriers are hanging in."

Quality Endures

That's their motto and their bank's

Business

- Mutual funds
- Money management
- Money market funds
- Dick Davis



Rural Alaskans may lose vital air service

by **Chriss Swaney**
Times Business Writer

Atka and St. George residents, who have no roads and no regularly-scheduled barge or passenger marine service, will have difficulty getting off their islands if the Reagan Administration kills a federal subsidy program that now guarantees air transportation to remote and rural areas throughout the country.

The plan for ending the Essential Air Service Program will be included in the administration's proposed fiscal 1986 budget for the Department of

Transportation.

If the program is halted, government and industry officials estimate that 100 of the 135 communities nationwide now being served by subsidized carriers will lose all air transportation. Of the 230 cities in Alaska eligible for the subsidy, only 37 are now receiving it.

Residents of Atka, located near the end of the Aleutian Chain, said they would be isolated without subsidized air carrier service. The community of 100 people has no barge service or privately-owned aircraft to replace the loss of its subsidized carrier —

Peninsula Airways — if Congress decides to sever subsidies.

Orin Seybert, owner of Peninsula Airways, said it would be impossible to serve Atka without federal subsidies.

To serve Atka, Seybert stations a plane and pilot at Adak, about 100 miles east of Atka. The air carrier, which receives \$18,000 a month in federal subsidies to fly from Adak to Atka two weeks out of every month.

"Without subsidies, a person could pay as much as \$2,500 to fly from Atka to Adak," Seybert said. In Adak, passengers board Reeve Aleutian planes to the Alaska mainland.

Navy tugs used to haul people and

freight to Atka until 1977, Seybert said. When the service stopped, Atka residents went four months without supplies or communication with the outside world.

"It was a frightening experience," said Julie Dirks, village council administrator. "I think the thing that saved us was the people's subsistence lifestyle."

Dirks said the village council will lobby against the proposed cut in federal transportation subsidies.

At St. George in the Pribilofs, about 358 miles northeast of Atka, islanders share a similar plight. Without service

by Peninsula Airways, which receives \$7,000 a month in subsidies for St. George, the island's embryonic bottomfishing industry could collapse.

Rich Wilson, St. George city manager, said air service is essential in completing a new \$13 million harbor.

"The airline flies in all the technicians and engineers we need to help us complete a commercial fishing harbor," Wilson said.

Until Oct. 14, 1983, the economic mainstay of the islands was the annual harvest of fur seals. When the government pulled out two years ago, Congress gave the St. George

See Rural, page C-7



Air cuts would leave 37 towns grounded

by **Annette Taylor**
Times Business Writer

Cozy, select down bedding. Nothing can replace it.

Art & Robin Foster
Proprietors
Scandia Down

The Anchorage Chamber of Commerce will feature Peter Scanlon, chairman of Coopers and Lybrand, as its guest speaker for the chamber's weekly luncheon forum at noon Monday at the Anchorage Westward Hilton Hotel.

Scanlon will address the chamber of the topic of "Turbulent Times for Corporate Management." He will also examine how technology could affect small, medium and large businesses in the coming years and how business leaders must learn to develop self-regulation. The doors open at 11:30 a.m. and lunch is \$11, deli is \$9 and coffee and program is \$3. Information: 272-2401.

Business calendar

CSHB 157 (Judiam)

The reconsideration of COMMITTEE SUBSTITUTE OF HOUSE BILL NO. 157 (Judiciary) amended (making corrective amendments to the Alaska Statutes as recommended by the revisor of statutes; effective date) was not taken up. It was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

ANNOUNCEMENTS

Jt. Session Chief Justice Rabinowitz	House Chamber	2:00 p.m.	2/26
Eagle Raven Dancers Spaghetti feed Tickets \$5. Available from M.M.Miller	Harborview Elementary Gym	5:00 p.m.	3/1
Duck Stamp 33 Oil painting Exhibit	Fish & Game Bldg	All Day	2/25

ADJOURNMENT

Representative Clocksin moved and asked unanimous consent that the House adjourn until 1:50 p.m. February 26, 1985. There being no objection, the House adjourned at 12:59 p.m.

Irene Cashen
Chief Clerk

Following his address, Senator Stevens received a standing ovation and was escorted from the chamber by Representative Gruenberg and Senator Coghill.

Senator Halford moved and asked unanimous consent that the joint session adjourn. There being no objection, it was so ordered and President Bennett adjourned the joint session at 12:57 p.m.

The Speaker ordered the House at ease to allow members of the Senate and other guests to leave the chamber.

IN THE HOUSE

The House was called back to order at 12:58 p.m.

UNFINISHED BUSINESS

HJR 4

Representative Taylor added his name as co-sponsor to HOUSE JOINT RESOLUTION NO. 4 (reapportionment of the Legislature).

CSHB 168 (L&C)

Representative Boucher added his name as co-sponsor to COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 168 (construction contractors; effective date).

HB 222

Representative Taylor added his name as co-sponsor to HOUSE BILL NO. 222 (amending the longevity bonus program and the permanent fund dividend program; establishing an annuity program; and providing for an effective date).

ENGROSSMENT

CSHJR 16 (Trsp)am

CSHJR 16 (Trsp)am was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

CIVIL AERONAUTICS BOARD SUNSET ACT OF 1984

SEPTEMBER 14, 1984.—Ordered to be printed

Mr. MINETA, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5297]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5297) to amend the Federal Aviation Act of 1958 to terminate certain functions of the Civil Aeronautics Board, to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Civil Aeronautics Board Sunset Act of 1984".

AMENDMENT OF FEDERAL AVIATION ACT OF 1958

SEC. 2. Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.).

Falls Church, Virginia, station of the Washington, D.C. metrorail system and Dulles International Airport in Virginia. The study shall include, but need not be limited to, a study of the feasibility of heavy rail, light rail, monorail, magnetic levitation systems, and any other appropriate transportation systems. The Secretary shall study the feasibility of each such system with and without intermediate stops.

(b) The Secretary shall complete the study required by subsection (a) and transmit the results thereof to Congress not later than one year after the date of enactment of this Act.

AIR SERVICE IN THE STATE OF ALASKA

SEC. 16. (a)(1) Notwithstanding any other provision of law, with respect to air transportation to each of the points in Alaska listed in paragraph (4), essential air transportation for purposes of section 419 of the Federal Aviation Act of 1958 shall neither be specified at a level of service nor operated with aircraft of lesser seating and cargo capacity than provided for in CAB Order 80-1-167 and its Appendices unless otherwise specified under an agreement between the Department of Transportation and the State of Alaska, after consultation with the community affected. This paragraph shall cease to be in effect on January 1, 1987.

(2) Notwithstanding any other provision of law, the total amount of compensation which may be paid under section 419 of the Federal Aviation Act of 1958 with respect to the points in Alaska listed in paragraph (4) shall not exceed \$3,572,778 for each of the fiscal years 1985 and 1986 and shall not exceed \$893,195 for service provided during the period beginning October 1, 1986, and ending at the close of December 31, 1986.

(3) The Secretary of Transportation shall study the feasibility of providing essential air transportation to each of the points in Alaska listed in paragraph (4) with aircraft having a smaller capacity than that required by paragraph (1), the level of compensation which would be required under section 419 of the Federal Aviation Act of 1958 for such transportation, and the impact of using such aircraft on the air transportation system in Alaska. The Secretary shall complete such study and submit a report of the results of such study to Congress not later than January 1, 1986.

(4) The points in Alaska referred to in paragraphs (1), (2), and (3) are Cordova, Yakutat, Gustavus, Petersburg, and Wrangell.

(b) Notwithstanding any other provision of law, no part of the order of the Civil Aeronautics Board in CAB docket number 38961 (CAB Order 84-6-77) shall enter into effect until after December 31, 1984.

And the Senate agree to the same.

NORMAN Y. MINETA,
GLENN M. ANDERSON,
ROBERT A. ROE,
GENE SNYDER,
JOHN PAUL HAMMERSCHMIDT,
Managers on the Part of the House.

EAS

} 3.5 million

capacity
er section
this Act.
d, or offi-
ting to a
ation Act
ontinued
is trans-

gency by
ction 4 of
fer, refer-
ral Avia-
ard (inso-
or to any
eemed to
gency, in

r section
this Act,
red shall
ronautics
eding its
sing such
d by the

(b) of the
head of
full con-
function

m has in
uty.

ereof the
he Board
Architec-
tablished
o issuing
will have
rports or

ULLES

the feasi-
the West

cargo air service between any pair of points both of which are within the State of Alaska or the State of Hawaii.

(4) If any all-cargo air service authorized by a certificate issued under this subsection is not performed to the minimum extent prescribed by the Board, it may by order, entered after notice and opportunity for a hearing, direct that such certificate shall, thereafter, cease to be effective to the extent of such service.

EXEMPTIONS

(c) Any applicant who is issued a certificate under this section shall, with respect to any all-cargo air service provided in accordance with such certificate, be exempt from the requirements of section 401(a) of this Act, and any other section of this Act which the Board by rule determines appropriate, and any rule, regulation, or procedure issued pursuant to any such section.

AIR CARRIER STATUS

(d) Any applicant who is issued a certificate under this section shall be an air carrier for the purposes of this Act, except to the extent such carrier is exempt from any requirement of the Act pursuant to this section.

SMALL COMMUNITY AIR SERVICE

GUARANTEED ESSENTIAL AIR TRANSPORTATION

SEC. 419. (a)(1) For purposes of this subsection, the term "eligible point" means any point in the United States to which, on the date of enactment of this section, any air carrier—

(A) is providing service pursuant to a certificate issued to such carrier under section 401 of this title; or

(B) is authorized pursuant to such certificate to provide such service, but such service is suspended on such date of enactment.

(2)(A) With respect to each eligible point which on the date of enactment of this section is served by not more than one air carrier holding a certificate issued under section 401 of this title, not later than the last day of the one-year period beginning on such date of enactment, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation for such point.

(B) With respect to any eligible point which on the date of enactment of this section is served by more than one air carrier holding a certificate issued under section 401 of this title and which thereafter receives service by not more than one such air carrier, not later than the last day of the six-month period beginning on the date on which the Board receives notice that service to such point will be provided by not more than one such air carrier, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation to such point.

(C) The Board shall periodically review the determination of what is essential air transportation to each eligible point, and may,

based upon such review, community and the State agency is located, make any change in the air transportation to such point.

(3) No air carrier shall be authorized to provide air transportation to any eligible point unless such transportation is established by a certificate issued to an air carrier—

(A) if such air carrier—
(i) holds a certificate under this title, or

(ii) does not hold a certificate under this title, but the Board has given the Board and the community affected by such termination, suspension, or revocation of such certificate notice of such termination, suspension, or revocation.

(B) if such air carrier is not receiving compensation pursuant to this subsection for such service, the Board, after considering the views of any interested communities affected by such termination, suspension, or revocation, shall determine what is essential air transportation to such point.

(4) Whenever the Board determines that such termination will not be provided, the Board shall—

(A) the Board shall determine what is essential air transportation to such point, and shall submit a report to the Board submitted by any interested community and the State agency is located, make any change in the air transportation to such point. In the event such air transportation shall, among other things, be provided to such point, the Board shall—

(i) the design of such system of air transportation shall be such as to adequately meet the needs of the communities involved; and

(ii) the expense of such air transportation shall be such as to be reasonable and equitable; and

(iii) notwithstanding any emergency, the Board shall, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation to such point.

(B) the Board shall determine what is essential air transportation to such point, and shall submit a report to the Board submitted by any interested community and the State agency is located, make any change in the air transportation to such point. In the event such air transportation shall, among other things, be provided to such point, the Board shall—

(5) The Board shall determine what is essential air transportation to such point, and shall submit a report to the Board submitted by any interested community and the State agency is located, make any change in the air transportation to such point. In the event such air transportation shall, among other things, be provided to such point, the Board shall—

points both of which are Hawaii.

ed by a certificate issued the minimum extent preferred after notice and operation certificate shall, thereafter service.

icate under this section vice provided in accordance the requirements of section of this Act which the any rule, regulation, or on.

ate under this section this Act, except to the irement of the Act pur-

RVICE

SPORTATION

ion., the term "eligible to which, on date

a certificate issued to or icate to provide such a such date of enact-

ich on the date of en- than one air carrier of this title, not later ning on such date of ws of any interested in which such com- ential air transporta-

on the date of enact- e air carrier holding le and which there- uch air carrier, not d beginning on the ervice to such point carrier, the Board, ommunity and the y is located, shall such point.

determination of le point, and may,

based upon such review and consultations with any interested community and the State agency of the State in which such community is located, make appropriate adjustments as to what is essential air transportation to such point.

(3) No air carrier shall terminate, suspend, or reduce air transportation to any eligible point below the level of essential air transportation established by the Board under paragraph (2) unless such air carrier—

(A) if such air carrier—

(i) holds a certificate issued under section 401 of this title, or

(ii) does not hold such a certificate, but is receiving compensation pursuant to paragraph (5) of this subsection for service to such eligible point,

has given the Board, the appropriate State agency or agencies, and the communities affected at least ninety days notice prior to such termination, suspension, or reduction; and

(B) if such air carrier does not hold such a certificate and is not receiving compensation pursuant to paragraph (5) of this subsection for service to such eligible point, has given the Board, the appropriate State agency or agencies, and the communities affected at least thirty days notice prior to such termination, suspension, or reduction.

(4) Whenever the Board determines that essential air transportation will not be provided to any eligible point without compensation—

(A) the Board shall provide notice that applications may be submitted by any air carrier which is willing to provide essential air transportation to such point for compensation under this subsection. In selecting an applicant to provide essential air transportation to such point for compensation the Board shall, among other factors, specifically consider—

(i) the desirability of developing an integrated linear system of air transportation whenever such a system most adequately meets the air transportation needs of the communities involved;

(ii) the experience of the applicant in providing scheduled air service in the vicinity of the communities for which essential air transportation is proposed to be provided; and

(iii) notwithstanding the provisions of clause (ii), with respect to any eligible point in the State of Alaska, the experience of an applicant in providing scheduled air service, or significant patterns of nonscheduled air service pursuant to an exemption granted pursuant to section 416 of this title, in Alaska; and

(B) the Board shall establish, in accordance with the guidelines promulgated under subsection (d) of this section, a rate of compensation to be paid for providing such essential air transportation.

(5) The Board shall make payments of compensation under this subsection at times and in a manner determined by the Board to be appropriate. The Board shall continue to pay compensation to any air carrier to provide essential air transportation to any eligible

point only for so long as the Board determines it is necessary in order to maintain essential air transportation to such eligible point.

(6) Notwithstanding section 401(j) of this title, if an air carrier has provided notice to the Board under paragraph (3) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of essential air transportation to such point, and if at the conclusion of the applicable period of notice the Board has not been able to find another air carrier to provide essential air transportation to such point, the Board shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide essential air transportation to such point, whichever first occurs. If at the end of such 30-day period the Board determines that no other air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

(7)(A) If any air carrier (i) which is providing air transportation to any eligible point, and (ii) which is receiving compensation under this subsection or under section 406 of this title for providing such air transportation to such point, is required by the Board to continue service to such point beyond the date on which such air carrier would, but for paragraph (6) of this subsection, be able to suspend, terminate, or reduce service to such point below the level of essential air transportation to such point, then after such date such air carrier shall continue to receive such compensation until the Board finds another air carrier to provide essential air transportation to such point.

(B) If the Board requires an air carrier which holds a certificate issued under section 401 of this title and which is providing air transportation to any eligible point without compensation pursuant to paragraph (5) of this subsection or section 406 of this title to continue to provide essential air transportation to such point beyond the 90-day notice period after which, but for paragraph (6) of this subsection, such air carrier would be able to suspend, terminate, or reduce service to such point below essential air transportation for such point, then the Board shall compensate such air carrier for any losses that the air carrier incurs in complying with this subparagraph after the last day of such 90-day period, except that the Board shall not make any payments under this subparagraph, to any truck air carrier for service to such point after the last day of the one-year period beginning on the date on which any payment is made to such air carrier under this subparagraph for service to such point.

(C) If the Board requires an air carrier which does not hold a certificate issued under section 401 of this title, but which is providing air transportation to any eligible point without compensation pursuant to paragraph (5) of this subsection or section 406 of this title to continue to provide essential air transportation to such point

beyond the 30-day of this subsection, terminate, or reduce service for such point, or for any losses thereunder after the paragraph after the

(9) During any period in which such air carrier is required to continue to provide such service, the Board shall require such air carrier to provide such service to such eligible point, on a

(10) Unless the Board determines otherwise, the Board shall require the Board representative of such production of air transportation to such point of essential air transportation to such eligible point, on a

(11)(A) After January 1, 1978, any air carrier which is providing air transportation to such eligible point under this section, shall give notice and a hearing under section 406 of this title, if the applicant is required to provide such compensation in a substantial—

(i) improvement in service to such eligible point; and

(ii) decrease in compensation required to continue to provide such service to such eligible point.

(B) After January 1, 1978, any air carrier which is providing air transportation to such eligible point under this section, shall give notice and a hearing under section 406 of this title, if the applicant is required to provide such compensation in a substantial—

beyond the 30-day notice period after which, but for paragraph (6) of this subsection, such air carrier would be able to suspend, terminate, or reduce service to such point below essential air transportation for such point, then the Board shall compensate such air carrier for any losses that such air carrier incurs in complying with this paragraph after the last day of such 30-day period.

(9) During any period for which the Board requires any air carrier to continue providing air transportation to an eligible point which such air carrier has proposed to terminate, reduce, or suspend, the Board shall continue to make every effort to secure an air carrier to provide at least essential air transportation to such eligible point, on a continuing basis.

(10) Unless the Board has determined what is essential air transportation for any eligible point pursuant to paragraph (2) of this subsection, the Board shall, upon petition of any appropriate representative of such point, prohibit any termination, suspension, or reduction of air transportation which reasonably appears to deprive such point of essential air transportation, until the Board has completed such determination.

(11)(A) After January 1, 1983, any air carrier may file an application with the Board seeking to have any compensation provided under section 406 of this title to the air carrier then serving an eligible point terminated in order to allow the applicant air carrier to provide air transportation to that eligible point for compensation under this section. The Board shall grant such application, after notice and a hearing if requested by the air carrier receiving subsidy under section 406, taking into consideration the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (5) of this subsection, if the applicant can show that termination of the compensation being paid under section 406, and that the provision of service by such applicant with compensation under this section, will result in a substantial—

(i) improvement in the air service being provided such eligible point; and

(ii) decrease in the amount of compensation that will be required to continue essential air transportation to such eligible point.

(B) After January 1, 1983, any air carrier may file an application with the Board seeking to have the compensation provided under this section to the air carrier then serving an eligible point, and which has been serving such eligible point for at least two years preceding the date on which such application is filed, terminated in order to allow the applicant air carrier to provide essential air transportation to such eligible point for compensation under this section. The Board shall grant such application, after notice and a hearing if requested by an air carrier receiving compensation under this section, taking into consideration the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (4) of this subsection, if the applicant air carrier can show that termination of the compensation being provided to the air carrier then serving such eligible point, and the provision of essential air transportation for compensation under this section by the applicant air carrier will result in a substantial—

(i) improvement in the air transportation being provided such eligible point with no increase in the amount of compensation then being paid; or

(ii) decrease in the amount of compensation that will be required to continue essential air transportation to that eligible point.

(C) In disposing of each application filed under this subsection, the Board shall, in addition to considering the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (4), solicit and give great weight to the opinions of the communities affected by the proposed replacement of an air carrier under this subsection.

OTHER AIR SERVICE

(b)(1) For purposes of this subsection, the term "eligible point" means—

(A) any point in the United States which has been deleted from a certificate issued under section 401 of this title between July 1, 1968, and the date of enactment of this section, both dates inclusive, and which the Board designates pursuant to paragraph 2 of this subsection; and

(B) any other point in the State of Alaska or Hawaii designated by the Board under paragraph 2 of this subsection.

(2)(A) Not later than January 1, 1980, after considering the views of State agencies and other interested parties, the Board shall, by rule, establish objective criteria for designating points as eligible points. In establishing or modifying such criteria, the Board shall consider, among other factors, the level of traffic generated by the point concerned, its future traffic generating potential, the cost to the Federal Government of providing essential air transportation to such point, the alternative means of transportation available to the residents of such point for access to the national transportation system and its principal communities of interest, and the degree of isolation of such point from the national air transportation system. The Board may, from time to time, by rule, modify the criteria established by it under this subparagraph.

(B) Not later than January 1, 1980, the Board shall begin to review each point described in paragraph (1)(A) of this subsection to determine whether such point shall be designated as an eligible point under the criteria established under subparagraph (B) of this paragraph. The review and designation of each such point shall be completed before January 1, 1982.

(C) On or after January 1, 1982, the Board, upon application by any interested party, may designate any point an eligible point under the criteria established under subparagraph (B) of this paragraph (i) if such point is in the State of Alaska or the State of Hawaii, and (ii) if such designation would not increase the total number of points receiving a subsidy under this section and section 406 of this title above the total number of points receiving a subsidy under such section 406 on July 1, 1968.

(3) The designation of any point by the Board under paragraph (2) of this subsection as an eligible point may be withdrawn if the point no longer meets the criteria for designation as an eligible point.

(4)(A) With respect to an eligible point pursuant to this subsection, the Board shall, not later than the last date on which the Board is required to make a determination, after considering the views of the agency of the State in which the point is located, determine what is essential air transportation to that point.

(B) The Board shall, in determining what is essential air transportation to a point, be guided by the views of the community and any State in which the point is located, make appropriate adjustments to the amount of compensation to be provided for such transportation to such point.

(5) Whenever the Board determines that a point is an eligible point, the Board shall not be required to provide for such transportation—

(A) the Board shall not be required to provide for such transportation submitted by any air carrier for such point under this subsection. In determining what is essential air transportation to a point, the Board shall, among other things, consider—

(i) the desirability of such transportation as a part of the system of air transportation to such point, and whether such transportation is adequately met by other means of transportation to such point;

(ii) the extent to which such transportation is essential to the community in which the point is located; and

(iii) notwithstanding anything to the contrary in this title, in determining what is essential air transportation to a point, the Board shall not be required to consider the experience of any other air carrier in providing such transportation to an eligible point.

(B) the Board shall not be required to provide for such transportation if the Board determines that the lines promulgated by the Board for such point are not adequate to provide for such transportation to such point.

(6) The Board shall not be required to provide for such transportation at times when such transportation is not appropriate. The Board shall not be required to provide for such transportation to any point only for so long as such transportation is necessary in order to maintain essential air transportation to such point.

(7) Prior to terminating such transportation to any point, the Board shall—

(A) if such air carrier—

(i) holds a certificate of public convenience and necessity for such point, or

(ii) does not hold a certificate of public convenience and necessity for such point, the Board shall not be required to provide for such transportation to such point.

(4)(A) With respect to any point which the Board designates as an eligible point pursuant to paragraph (2) of this subsection, not later than the last day of the six-month period beginning on the date on which the Board makes such designation, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation to such point.

(B) The Board shall periodically review the determination of what is essential air transportation to each eligible point, and may, based upon such review and consultations with any interested community and any State agency of the State in which such community is located, make appropriate adjustments as to what is essential air transportation to such point.

(5) Whenever the Board determines that essential air transportation will not be provided to any eligible point without compensation—

(A) the Board shall provide notice that applications may be submitted by any air carrier which is willing to provide essential air transportation to such point for compensation under this subsection. In selecting an applicant to provide essential air transportation to such point for compensation, the Board shall, among other factors, specifically consider—

(i) the desirability of developing an integrated linear system of air transportation whenever such a system most adequately meets the air transportation needs of the communities involved;

(ii) the experience of the applicant in providing scheduled air service in the vicinity of the communities for which essential air transportation is proposed to be provided; and

(iii) notwithstanding the provisions of clause (ii), with respect to any eligible point in the State of Alaska, the experience of an applicant in providing scheduled air service, or significant patterns of nonscheduled air service pursuant to an exemption granted pursuant to section 416 of this title, in Alaska; and

(B) the Board shall establish, in accordance with the guidelines promulgated under subsection (d) of this section, a rate of compensation to be paid for providing such essential air transportation.

(6) The Board shall make payments of compensation under this subsection at times and in a manner determined by the Board to be appropriate. The Board shall continue to pay compensation to any air carrier to provide essential air transportation to any eligible point only for so long as the Board determines it is necessary in order to maintain essential air transportation to such eligible point.

(7) Prior to terminating, suspending, or reducing essential air transportation to any eligible point, an air carrier—

(A) if such air carrier—

(i) holds a certificate issued under section 401 of this title, or

(ii) does not hold such a certificate, but is receiving compensation pursuant to paragraph (6) of this subsection for

(3) Not later than the one-hundred-eightieth day after the date of enactment of the paragraph, the Administrator, by regulation, shall establish safety standards (A) for aircraft being used by commuter air carriers to provide any service described in paragraph (2) of this subsection, and (B) for all operations relating to such service. Such safety standards shall become effective not later than the last day of the eighteenth month which begins after such date of enactment and shall impose requirements upon such commuter air carriers to assure that the level of safety provided to persons traveling on such commuter air carriers is, to the maximum feasible extent, equivalent to the level of safety provided to persons traveling on air carriers which provide service pursuant to certificates issued under section 401 of this title.

GUIDELINES FOR COMPENSATION

(d) The Board shall, by rule, establish guidelines to be used by the Board in computing the fair and reasonable amount of compensation required to insure the continuation of essential air transportation to any eligible point. Such guidelines shall include expense elements based upon representative costs of air carriers providing scheduled air transportation of persons, property, and mail, using aircraft of the type determined by the Board to be appropriate for providing essential air transportation to the eligible point.

INSURANCE

(e) No air carrier shall receive any compensation under this section unless such air carrier complies with regulations or orders issued by the Board governing the filing and approval of policies of insurance or plans for self-insurance in the amount prescribed by the Board which are conditioned to pay, within the amount of such insurance, amounts for which such air carrier may become liable for bodily injuries to or the death of any person, or for loss of or damage to property of others, resulting from the operation or maintenance of aircraft.

DEFINITION

(f) For purposes of this section, the term "essential air transportation" means scheduled air transportation of persons to a point provided under such criteria as the Board determines satisfies the needs of the community concerned for air transportation to one or more communities of interest and insures access to the Nation's air transportation system, at rates, fares, and charges which are not unjust, unreasonable, unjustly discriminatory, unduly preferential, or unduly prejudicial, and—

(1) with respect to air transportation to any point (other than in the State of Alaska), in no case shall essential air transportation be specified as fewer than two daily round trips, 5 days per week, or the level of service provided by air carriers to such point based on the schedules of such air carriers in effect for calendar year 1977, whichever is less; and

(2) with respect to air transportation to any point in Alaska, essential air transportation shall not be specified at a level of

service less than that which existed for such point during calendar year 1976, or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Board and the State agency of the State of Alaska, after consultation with the community affected.

DURATION OF PROGRAM

(g) This section shall cease to be in effect after the last day of the ten-year period which begins on the date of enactment of this section.

TITLE V—NATIONALITY AND OWNERSHIP OF AIRCRAFT

REGISTRATION OF AIRCRAFT NATIONALITY

REGISTRATION REQUIRED

SEC. 501. (a) It shall be unlawful for any person to operate or navigate any aircraft eligible for registration if such aircraft is not registered by its owner as provided in this section, or (except as provided in section 1108 of this Act) to operate or navigate within the United States any aircraft not eligible for registration: *Provided*, That aircraft of the national-defense forces of the United States may be operated and navigated without being so registered if such aircraft are identified, by the agency having jurisdiction over them, in a manner satisfactory to the Administrator. The Administrator may, by regulation, permit the operation and navigation of aircraft without registration by the owner for such reasonable periods after transfer of ownership thereof as the Administrator may prescribe.

ELIGIBILITY FOR REGISTRATION

(b) An aircraft shall be eligible for registration if, but only if—

(1)(A) it is—

(i) owned by a citizen of the United States or by an individual citizen of a foreign country who has lawfully been admitted for permanent residence in the United States; or

(ii) owned by a corporation (other than a corporation which is a citizen of the United States) lawfully organized and doing business under the laws of the United States or any State thereof so long as such aircraft is based and primarily used in the United States; and

(B) it is not registered under the laws of any foreign country;

or

(2) it is an aircraft of the Federal Government, or of a State, territory, or possession of the United States or the District of Columbia or a political subdivision thereof.

For purposes of this subsection, the Secretary of Transportation shall, by regulation, define the term "based and primarily used in the United States".

(c) Up
tion, suc
Adminis
tration.

(d) Ap
filed in
istrator

(e) An
ministra
registrat

(f) Suc
internat:
the Unit
of aircra
lar persc

RE

SEC. 50
regulatio
propeller
engine,
such rule

SEC. 50
system fr

(1)

in, a

(2)

of co

purp

or a

engi:

powe

er, c

absol

hors

supp

(3)

of co

purp

or a



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Community and Consumer Affairs
Alaska Field Office

400 Seventh St., S.W.
Washington, D.C. 20590

701 C Street Box 27
Anchorage, Alaska
99513

February 8, 1985

Mr. Bob Thomas
c/o Representative David Thompson
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Thomas:

Pursuant to our recent telephone conversation, please find enclosed a copy of CAB Order 80-1-167. This order sets forth the essential air service levels for eligible communities within the state of Alaska.

If, after reviewing the order, you should have any additional questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dianna J. Strain".

Dianna J. Strain
Transportation Industry Analyst

Enclosure

UNITED STATES OF AMERICA
 CIVIL AERONAUTICS BOARD
 WASHINGTON, D.C.



Issued Under Delegated Authority
 January 25, 1980

Amended February 8, 1980

Essential Air Transportation :
 Determination of :
 :
 Eligible Points in ALASKA :
 :
 under to section 419(a)(2)(A) of the :
 Federal Aviation Act of 1958, as amended :
 by the Airline Deregulation Act of 1978. :
 :

EFFECTIVE: APRIL 8, 1980

Dockets EAS-105
 thru EAS-333 and
 EAS-347

ESSENTIAL AIR TRANSPORTATION DETERMINATION

Under section 419(a)(2)(A) of the Federal Aviation Act, as amended by the Airline Deregulation Act, the Board must determine by October 24, 1979, what constitutes essential air transportation for each certificated point which received service from one or no certificated carriers on October 24, 1978. Section 419(f)(2) of the Act states that "with respect to air transportation to any point in Alaska, essential air transportation shall not be specified at a level of service less than that which existed for such point during calendar year 1976, or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Board and the State agency of the State of Alaska, after consultation with the community affected." Congress asked us to confer with the communities and with state aviation officials to get their views on their essential air service, prior to making these determinations. To accomplish this for Alaska, we held a series of seven regional meetings throughout the state earlier this year to listen as state and community representatives gave their views on all aspects of the essential service program. 1/ Building on the input which we received at these meetings, we proposed guidelines for the essential air service determinations, and we requested comments on these guidelines from all interested parties. We then requested specific views from each community concerning its essential service in a questionnaire which was sent to the civic official of each community for which a determination was to be made.

1/ We held meetings in Anchorage, Bethel, Fairbanks, Juneau, Ketchikan, Kodiak and Nome. In addition we visited several Bush communities where we held at least 20 informal meetings with individuals and community representatives.

With the adoption on August 31 of the final guidelines for essential air service determinations, 2/ we are now going forward with the determinations mandated by the Airline Deregulation Act.

The essential air service program provides, for the first time, assurance to a community that it will not lose its air service. Prior to the introduction of this program, communities received no guarantee that they would receive a particular level of service from the carriers serving them, nor a guarantee of the destination to which that service would be provided. They now have such a guarantee. Additionally, carriers in the past could, in some cases, drop their service at a point even when no other carrier was serving the point, without a replacement carrier entering the market. This often meant that the community disappeared from the air service map. In all, 129 communities lost their certificated air service in the 1968-1978 period. The essential service program guarantees that communities are no longer faced with such a bleak possibility.

In Alaska, we are required to make a determination for two hundred and thirty communities. In making our determination for each community we have considered the views of the communities 3/ and the communities' ability to generate air traffic based on historic traffic totals for both certificated and commuter carriers. 4/ Based on this information, we have made an analysis to determine each point's primary community of interest, and to determine which hub or regional center would assure the community access to the national air transportation system. Our essential air service determinations are set forth in Appendix A. Appendix B presents a description of the communities' present service, population and any appropriate notes. Appendix C contains the historic service for 1976 and 1978, the communities' requests for essential air service and our general comments on either their requests or our essential air service determinations. Appendix D sets forth the historic traffic data.

GENERAL APPROACH

A few remarks are in order here regarding our general approach and guidelines which we used in determining essential air service for Alaska communities. Particularly, it is important to reiterate our observations and conclusions which formed our guidelines in PR-213.

2/ PS-87 and PR-213; Parts 325 and 398 of the Board's rules.

3/ Community views were sought in a questionnaire which was sent to the civic official of each community.

4/ We have used commuter traffic data for communities where commuter airlines carry a significant amount of traffic, or provide service in key markets. Statistics submitted by commuter carriers are confidential for a one year period, but under section 298.66 of the Board's Economic Regulations, we find that it is in the public interest to disclose 1973 commuter traffic information in this order and all others defining essential air service.

The overall transportation needs of the state, the level of development and type of air transportation industry, and the logistical considerations in Alaska are substantially different from the rest of the country and require different essential air transportation findings. One of the major factors affecting air service in Alaska, particularly at the smaller communities, is the airport facilities. In many cases, airports consist of unpaved runways without any navigational equipment. During periods of bad weather, which are frequent, aircraft are unable to operate at these communities, and scheduled service becomes undependable because of frequent flight cancellations and delays. Consequently, the reliability of scheduled air service in Alaska is greatly reduced because of the absence of airports that can be served during adverse weather conditions. We are concerned about the importance of improved airport facilities to the development of air service in Alaska and to our statutory responsibility to ensure essential air transportation. Although we are not able to fund airport facilities under the essential air service program, we are prepared, where airport improvements are important to the availability and maintenance of essential air service, to relate these needs to the Department of Transportation which has jurisdiction in this area and to urge that it take steps to effect the necessary improvements.

The isolation of communities is also a major factor to be considered in essential air service determinations. The state highway system and the availability of surface modes of transportation are practically non-existent in a large portion of the state. Consequently, the typical Alaskan bush community relies almost exclusively on air transportation for its commercial and social ties with other communities. In many instances long distances separate the points. Even in cases where the distances are short, the terrain may not permit the operation of convenient and reliable surface transportation between communities.

As a result of these logistical circumstances and the relatively small populations of many Alaskan communities, a significant air taxi industry has developed in the state. The air taxis provide reliable, on-demand service, affording maximum flexibility in the timing of flights to meet individuals' needs. This system of service being provided in response to a specific demand for transportation is very practical, especially in the low density traffic areas prevalent in Alaska. In fact, as a result of the reliability and widespread availability of this type of service as compared to the usually infrequent operation of scheduled service at smaller communities in Alaska, the air taxi carriers are handling a sizable portion of the traffic, particularly passengers, in Alaska. Furthermore, judging by their success, air taxis have demonstrated that they can operate at fares that attract passengers and yet achieve sufficient profits to remain viable.

Severe weather is another factor that has an impact on the reliability and utility of air service. Adverse weather conditions frequently prohibit the operation of flights in Alaska. In addition, during certain parts of the year airport landing strips at many communities are not usable because of the effects of weather. Because of these conditions, scheduled flights are frequently disrupted, and the benefits of scheduled service are reduced. Although representatives at our meetings indicated that there is very little that can be done to overcome the problems of weather, they claim that these circumstances must be taken into account if the essential air service program is to be effective and viable.

The importance of mail and cargo needs was cited almost unanimously by spokespersons at our meetings. Alaskan communities are heavily dependent on air transportation to provide this service. We therefore have defined cargo and mail service as falling within the essential air service guarantee for Alaska. Frequent complaints were voiced about the irregularity of mail delivery and cargo service, the backlog of mail at the hubs, and the problems with the current system of postal contracting to federally certificated carriers. ^{5/} Under current contracting policy the Postal Service tenders mail only to certificated carriers and subcontract carriers even if other carriers, usually air taxis, are also operating to the certificated community. We were told that there are frequent instances where communities do not receive mail for extended periods because the contracted carrier has not operated a flight to the point even though during this time other carriers not allowed to transport the mail, particularly air taxis, have been operating to the point. Often, items being sent by post that require prompt delivery, such as perishable foods, are unnecessarily delayed at a distribution point because of this system. We favor a policy of allowing any air carrier--certificated, commuter or air taxi--to contract for mail delivery, and we have indicated this position to the Postal Service. We feel that this approach would alleviate some of the delays in mail delivery and improve this important part of air service to the communities in Alaska. It is our understanding that the Postal Service is now considering such an approach. With respect to backlogs under the existing subcontracting system, the certificated carrier is required by Part 293 of our regulations to provide for extra sections either with the subcontractor, through another air taxi, or with its own equipment. Until any changes take place in the postal contracting system, we will attempt to monitor the existing subcontract system to insure that the certificated carriers incur no undue backlogs.

SPECIFIC DETERMINATIONS

Our determinations rely on a system of regional service centers in addition to the FAA hubs. We believe that this system will best meet the needs of the Alaska communities for service to their major communities of interest and for access to the national air transportation system. In addition to the FAA hubs and regional centers listed in our guidelines in

^{5/} Outside of the federally certificated system in Alaska, the Postal Service has its own contracts with air taxi operators for mail delivery to noncertificated points.

Part 398, our determinations in this order include Seattle and several other regional centers. The complete list of hubs and regional centers we relied on include the FAA hubs of Anchorage, Fairbanks, Juneau, and Seattle, and the regional centers of Aniak, Barrow, Bethel, Bettles, Cordova, Cold Bay, Dillingham, Ft. Yukon, Galena, Ketchikan, King Salmon, Kodiak, Kotzebue, McGrath, Nome, Petersburg and St. Mary's. Because of the status of these regional centers as separate eligible points as well as "feeder" centers for outlying points in their areas, we have required that there be adequate service between the regional service centers and the FAA hubs to handle both the regional centers' essential air service needs and the traffic seeking access to the national air system from the other eligible points served through the regional centers.

As for aircraft requirements, we have considered various views and have concluded that for practical reasons we should not impose any overall minimum size for aircraft in Alaska. As attested to by most spokespersons in Alaska, small aircraft are operated at almost all communities in the state. In addition, operations with small aircraft, especially by air taxis, provide useful and high quality service and are reasonably reliable given the weather constraints. Under these circumstances, it is clear that service with small equipment will afford the best means of meeting the air service needs of many eligible points. However, where operational requirements, distances and duration of flights between eligible points and their designated hubs or regional centers require the operation of larger aircraft to provide usable service, we have included such a requirement in our determinations. Between some regional service centers and the FAA hubs we have required service with large aircraft because of the distances and the level of traffic from the surrounding communities at the regional center.

In general, we have required sufficient frequencies to accommodate both the number of passengers and accompanying baggage as well as normal cargo requirements of the communities. We recognize the critical importance of cargo air service for the communities in Alaska and therefore included cargo as a factor in determining the numbers of flights and capacity of service we guarantee. We have not specified actual freight capacity or aircraft to be operated for cargo purposes. Instead, we have required frequencies based on the overall passenger and cargo needs of the point. In considering cargo, we recognize that in Alaska cargo is frequently transported in the passenger compartment of aircraft and that the carriage of large cargo items can preclude the accommodation of passengers on a particular flight or alternatively the carriage of passengers may result in delays in transporting cargo. Thus, it is difficult to establish required service levels based on the separate capacity needs for passengers and cargo. We examined the combined need for passenger and cargo service in determining the level of service required, and we expect that with the level we have set, both transportation needs, passenger and cargo, will be afforded service that meets the communities' essential air service needs.

In making our determinations, we have designated a specific level of essential service for each community based primarily on historic patterns of service. Should alternative patterns develop or different size aircraft be employed we will allow variations in the number of flights depending on the size of aircraft operated and the number of intermediate stops or points beyond the eligible point that share available capacity on the flights with the eligible point. As for maximum capacity, our rationale for imposing a ceiling of 80 seats per day in each direction for each eligible point in the rest of the country is that above the 80-seat level we are confident that the marketplace will satisfy the needs of the community for air service. Where we are confident that the marketplace in Alaska can respond to the needs of the community, we take a similar approach. In general, we guarantee service to accommodate up to 40 passengers per day in each direction and the community's cargo needs. We recognize though that the circumstances and the marketplace in Alaska are different than in the rest of the country, and therefore we have examined the individual situations and determined whether a level above this ceiling is required. As noted above, between the regional centers and the FAA hubs higher capacity levels are required in some cases to handle both the regional point's traffic and the traffic from the outlying eligible points being served through the regional center.

Our essential air service determinations for most points require scheduled service, and we anticipate relying on service by certificated carriers, state certificated carriers, commuter carriers operating under subcontract to the certificated carriers, and other commuter air carriers to meet this requirement. Even though our essential air service determination may only specify scheduled air service at a point, we fully expect that air taxi operators will be available and that they will play an important role in the overall air service of the communities. Alternatively, at a few points in Alaska we will rely for the most part on unscheduled service by air taxi operators for essential air transportation. We are convinced that at these points unscheduled on-demand service will provide better, more responsive service than scheduled service. The quality, reliability and public acceptance of air taxi operations in Alaska is high, and we are confident that where we rely on air taxis this type of service will meet the essential air service requirements of the community. At yet other points, we require as our essential air service determination that both air taxi and scheduled service be available if it is felt that the on-demand service should be guaranteed as a supplement to the scheduled service. A final variety of service we will rely on at certain communities is flag stop service by scheduled carriers.

We have generally imposed a maximum of two stops between the eligible point and the regional point or the FAA hub. The purpose of this provision is to assure communities that under normal circumstances convenient access to the national air transportation system will be permitted. However, in several cases we have determined that the historic pattern of more than two stops is required to insure that the carrier will continue to provide the community with its past number of frequencies. Regardless of the number of stops, we expect that the community will continue to receive available capacity equivalent to our definition and any change in the historic pattern of service either in frequencies, stops or aircraft size will result in an equitable adjustment in available capacity. The Act established 1976 as a reference for the level of essential air service in Alaska, and our determinations are, for the most part based on a community's present service or its 1976 level of service. The essential level was set at the greater of the two levels except in cases where the data indicated that available traffic and/or circumstances warranted the lower level. In only a few cases did we determine that essential service was less than the present service. One case involved three points (Haines, Skagway and Valdez) which receive high quality, competitive commuter service. Here we are confident that the marketplace will insure sufficient frequencies to accommodate all the traffic. Therefore, we guaranteed sufficient seats at a 50 percent load factor to accommodate the present traffic level. This is considerably less than the actual frequencies provided. Another case involved Prudhoe Bay, Homer and Kenai, none of which are regional points, yet the guarantee of seats sufficient to accommodate traffic at a 50 percent load factor exceeded our maximum capacity guarantee guideline of 80 seats in each direction per day. Therefore, we guaranteed only up to our ceiling of 80 seats.

We have had the benefit of close cooperation by the Alaska Transportation Commission in developing our essential air service determinations for Alaska. The Commission's help was especially important with regard to thirty-one of the points for which we found that less than the statutory minimum two round trips per week is required, simply because the available traffic does not warrant a higher level. We are authorized to drop below this two round trip minimum when the State of Alaska concurs, and they have done so for these very small points. ^{6/} As shown in the appendices to this document, many of the communities are very tiny or are characterized by seasonal industry such as a fish cannery. Another fourteen points involved essential service determinations of zero because it appeared that they have no population at all and 21 points involved essential air service determinations less than the 1976 level. In most cases the difference is insignificant such as one less trip per week in the peak or off-peak season. Here again, the State has concurred.

^{6/} See Appendix F.

We note that several of our determinations require frequencies which exceed the guideline of at least two daily round trips applicable to points in the lower 48 states. For instance, we determined that 58 weekly frequencies were essential at Valdez. However, we would emphasize that this was based on a small aircraft capacity of 8 seats. Should the aircraft size change in the future, then our determinations would also change accordingly.

Another point we should make about our determinations is that a number of markets now receive competitive service from state certificated carriers that was not in existence during our base traffic periods of 1976 and 1978. We are reluctant in most cases to determine all or part of this new service as essential since we are uncertain of its future development. In such cases we have set the definition at the highest level of past or present federally certificated service. We will be receptive, however, to any substantiated evidence which would warrant our setting a different level of essential air service.

Two final aspects of our determinations which we should elaborate on are their seasonal variations and aircraft specifications. Generally, we have set peak and off-peak levels of essential service. We do not intend to establish exact dates on these seasons since frequently they are more a function of natural phenomena such as "break-up" than the calendar. Carriers historically have adjusted their own schedules to coincide with seasonal shifts, and there is no reason to expect they will not continue to respond with service changes that are in the mutual best interests of the communities and themselves.

As for aircraft specification, we have defined each community's essential service on the basis of operations with certain sizes of aircraft. We did this for the convenience of all parties concerned with this program so they can readily comprehend the type of service we contemplate for each community. Normally, each community will continue to be served with one general size of aircraft because of traffic and airport considerations. Nevertheless, should a carrier contemplate a change in size of equipment we would expect that frequency would be adjusted to provide at least the capacity equivalent to our definition.

DATA PROBLEMS

In applying our guidelines to specific points we encountered several problems. First, a definitive analysis of certain communities' service needs was difficult because of the poor quality of available data. Unlike the 48 continental United States, there are no origin and destination data among the points within the state of Alaska. To the extent possible we utilized other data sources: service segment data, Forms 41, commuter reports (Part 298C) and subcontractor's reports (Part 293). Unfortunately, each of these sources also has limitations. 6/

6/ Service segment data. Three of the five Alaskan certificated carriers are not required to file service segment data (Kodiak-Western Alaska, Reeve Aleutian and Munz Northern). Alaska Airlines files service segment data for its mainline points, but not for its subcontracted bush points. Wien Air Alaska files service segment data for all of its points. However, its filings for bush points are not all inclusive of its subcontractors' activities at each point. For example, many points show no passenger enplanements when in fact a subcontractor carried passengers. Also the points show lower than actual cargo activity.

Form 41. This data source has several shortcomings. Alaska Airlines does not report data for its bush points and Wien's bush point data is not complete. In addition, it is impossible to identify cargo activity at bush points, because the majority of cargo activity is inbound, but only enplaned (outbound) cargo at each point is reported.

Commuter Reports (Part 298C). Many Alaskan commuters ignore the requirement to file these reports. Those that do report are not required to file aircraft departure data. Consequently, this data source is of limited value.

Subcontractor Reports (Part 293). Here again, many of the carriers do not send in reports. Certain carriers file their reports but the data are in such form that activity at a single point is impossible to identify. For instance, Bush Air files data by total flight rather than at each individual point. Moreover, we were relatively certain that Bush Air's reports are unreliable. For example, for seven consecutive quarters it reported identical departures, enplaned passengers and deplaned cargo on specific flights. It also appears that some carriers report all their activity at a particular point, while others report only activity related to its subcontract.

Finally, a significant portion of activity at bush points is conducted by air taxi charter operations which are not contained or required in any of the Board's data sources.

Another problem is that it is difficult to determine from our data sources the number of seats or cargo capacity provided at each bush point, either currently or historically. In the small aircraft category reported by many of the subcontract carriers, there are a variety of aircraft types ranging from four to ten seats and 500 to 1500 pounds cargo capacity, and the reports do not identify the type used at each point. Furthermore, the aircraft type used at a particular point probably varies from day to day.

Finally, as we stated earlier, we sent out questionnaires asking the communities to provide us with specific details about the service they have received and require. Only twenty five percent of the communities responded.

As a consequence of these deficiencies, our data base has limited utility as a tool for pinpointing a community's service requirements. Nevertheless, we are confident our determinations have been made on the basis of the most comprehensive and accurate data available on Alaskan air service, and we note again that we have consulted closely with our Alaska Field Representative and with the Alaska Transportation Commission to develop information and to reinforce the validity of our observations as fully as possible. Should better information be brought to our attention, we are prepared to amend our determinations.^{7/}

CURRENT SERVICE

The vast majority of the points in Alaska receive essential service as defined in this order. Nevertheless, some of the current service does not fulfill the essential air service requirement specified in this order. In most cases the service available may be able to meet the communities' essential needs with only minor adjustments, and without the need for seeking proposals. Rather than embark on the process of seeking proposals to provide essential air service, we believe that through informal consultations with the communities and air carriers we may be able to work out agreements by which service patterns can be adjusted to meet the communities' essential air service requirements. However, we will not begin this process until after the 60-day appeal period or after the appeal procedure has been concluded. Following that we intend to convene a series of informal meetings between members of our staff, the state, the affected communities and the carriers to see that essential service is provided. Should we determine that Section 419 subsidy funds are required, we will not hesitate to authorize such expenditure.

As a final matter, at several Alaskan points the essential air service requirements are being fulfilled by commuter carriers. We will soon conduct inquiries and evaluations to determine their fitness to provide essential air service. We will audit all aspects of each carrier's operations including its

^{7/} We just recently received a 205-page report prepared by Parker Associates for the Alaska State Legislature concerning air service to rural Alaska. At the time we received the report we had already completed our analysis. Because of the statutory deadline for the essential air service determinations, we are not able to fully reflect its findings at this time. However, we will carefully review it in the near future and if the report reveals any inadequacies in our determinations we will amend this order accordingly.

safety record, compliance with FAA regulations, reliability, and other aspects of its operations which affect its fitness, willingness and ability to provide essential air service. When we have finalized our proposed rulemaking on commuter fitness 2/ and completed our investigations we will issue an order with our findings.

ACCORDINGLY, based on the above discussion and evaluation, we make the following essential air service determinations:

1. We determine that essential air transportation at all Alaskan eligible communities would consist of at least the service outlined in Appendix A;

2. These determinations shall become effective on the service date of this order;

3. We establish a 60-day period following the service date of this order for interested persons to submit an appeal of this decision containing specific objections supported with relevant economic data, stating how the determination departs from our guidelines for essential air service determinations, and stating the level of essential service that should be designated;

4. We will serve a copy of this order upon the civic officials and airport managers at the communities listed in Appendix A; The Governor of Alaska; the Alaska Transportation Commission; the air carriers, commuter airlines and air taxis listed in Appendix E; and the Board's Alaskan regional office; and

5. We will review this determination within 24 months of the date of service of this order unless circumstances justify an earlier review, or a petition for modification of this finding is filed and granted.

By Barbara A. Clark
Director
Bureau of Domestic Aviation

PHYLLIS T. KAYLOR

Secretary

(SEAL)

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE 1/	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
DAK ISLAND	5	4	Anchorage	2	Large	1976/1978/Present level
KHIOK	3 (F)	2 (F)	Kodiak	2	Small	Present level
KIAGHAK	2	2	Bethel	2	Small	1978/Present level
KIAK	3	2	Bethel	2	Small	1976 level
KUTAN	2	2	Cold Bay	2	Small	Statutory minimum
LAKANUK	14	12	St. Mary's	2	Small	1978/Present level
LEKNAGIK	2	2	Dillingham	2	Small	Statutory minimum
LLAKAKET	5	3	Bettles	2	Small	1978/Present level
MBLER	7	6	Kotzebue	2	Small	1978/Present level
NGHITKA	0	0				1976/1978/Present level
NOOK BAY	1	2/Mo.	Kodiak	2	Small	1978/Present level
PAKTUVUK PASS	5	4	Bettles or Barrow	2	Small	1976/Present level
PIAK	3	2	Anchorage	2	Large/Intermediate	1978/Present level
IGOON	5	5	Juneau	2	Small	1978/Present level

See discussion in order for details on this requirement:

- Small Aircraft - up to 10 seats
- Medium Aircraft - 11-30 seats
- Intermediate Aircraft - 30-60 seats
- Large Aircraft - over 60 seats.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUBS OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
ANNETTE IS. (NETLAKATLA)	35	28	Ketchikan	2	Small	1978/Present level
ANVIK	4 +5(F)	4 +5(F)	Aniak or McGrath	2	Small	1978/Present level
ARCTIC VILLAGE	6	6	Ft. Yukon	2	Small	1976 level
ATKA ISLAND 2/	0	587/MO	—	—	—	1976/1978/Present level
ATNAUTLUAK	3	3	Bethel	3	Small	1976/1978/Present level
ATTU ISLAND	1	1	Anchorage	3	Large	1978/Present level
BARROW/PT. BARROW	14	7	Fairbanks	2	Large	1976/1978/Present level
BARTER ISLAND	2	2	Fairbanks	2	Intermediate	1976 level
BEAVER	4	4	Fairbanks or Ft. Yukon	2	Small	1976 level
BETHEL	16	14	Anchorage	2	Large	Present level
BETTLES	10	4	Fairbanks	2	Small	Present level
BIG LAKE	0	0	—	—	—	1976/1978/Present level
BIRCH CREEK	3	3	Ft. Yukon	2	Small	Community request
BOSWELL BAY A/H/A KENNY COVE	3(F)	3(F)	Cordova	2	Small	1976/1978/Present level
BREVIK MISSION	3	3	Nome	2	Small	Present level
BUCKLAND	6	6	Kotzebue/Nome	2	Small	Present level

(F) means flag stop

2/ Department of Interior provides demand service of approximately five round trips per week every other week.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
	IRT/Month	IRT/Month				
CANDLE	6(F)	6(F)	Kotzebue/Nome	2	Small	Present level
CAPE LISBURNE	3	3	Kotzebue or Barrow	2	Small	1976/Present level
CAPE NEWENHAM	3	3	Bethel	2	Small	1976/1978 Present level
CAPE ROMANZOF	3	3	Bethel	2	Small	1976/1978 Present level
CAPE YAKATAGA	4	3	Cordova	2	Small	1978/Present level
CENTRAL	4	3	Fairbanks	2	Small	1976 level
CHALKYITSIK	6	3	Ft. Yukon	2	Small	1976 level
CHANDALAR	IRT/Month	IRT/Month	Betties	2	Small	1976/1978 Present level
CHATHAM	IRT/Month	IRT/Month	Juneau	3	Small	1978/Present level
CHERNOFSKI	2(F)	1(F)	Dutch Harbor	2	Small	Uncertain demand
CHEVAK	6	6	Bethel	2	Small	Community request
CHICKEN	1	1	Tok	2	Small	Present level
CHIFORNAK	5	5	Bethel	2	Small	1978/Present level
CHIGNIK	2(F)	2(F)	Port Heiden	2	Small	1976/1978 Present level
CHIGNIK LAKE	2(F)	2(F)	Port Heiden	2	Small	1976/1978 Present level
CHIGNIK LAGOON	2(F)	2(F)	Port Heiden	2	Small	1976/1978 Present level
CHISANA	1	1	Cordova	3	Small	Present level plus community request

(F) means flag stop

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
CHITINA	1	1	Cordova	2	Small	1976/1978/Present level
CIRCLE	4	3	Fairbanks	2	Small	1976 level plus community request
CIRCLE HOT SPRINGS	4	3	Fairbanks	2	Small	1976 level
CLARK'S POINT	2+3(F)	2+1(F)	Dillingham	2	Small	Present level
COLD BAY	8	7	Anchorage	2	Large/Inter-mediate	Present level
CORDOVA	7	7	Anchorage	2	Large	1976/1978/Present level
COUNCIL	2RT/MO	2RT/MO	Nome	2	Small	Latest effective level
CRAIG	28	21	Ketchikan	2	Small	Present level
CROOKED CREEK	3	3	Aniak	2	Small	1976/1978/Present level
DEERING	50	65	Kotzebue/Nome	2	Small	Present level
DUTCH HARBOR	6	5	Anchorage	3	Intermediate	1978/Present level
EAGLE	4	3	Fairbanks	2	Small	1976 level
EEK	3	3	Bethel	2	Small	1976/1978/Present level
ECEGIK	6	6	King Salmon	2	Small	1976/1978 level
EKUK	2+3(F)	2+1(F)	Dillingham	2	Small	Present level

(F) means flag stop

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
KWOK	9	9	Dillingham	2	Small	Present level
LFIN COVE	1 +5(F)	5(F)	Juneau	2	Small	1978/Present level
LIM	3	3	Nome	2	Small	1976/1978/Present level
XCURSION INLET	3	1	Juneau	2	Small	1976 level
FALSE PASS	2	2	Cold Bay	2	Small	Statutory Minimum
AREWELL	1	1	McGrath	2	Small	1976/1978/Present level
LAT	1	1	McGrath	2	Small	1978/Present level
ORT YUKON	6	6	Fairbanks	2	Small	1976 level
UNTER BAY	1	1	Juneau	2	Small	1978/Present level
ALENA	3	2	Anchorage or Fairbanks	2	Large/Inter-mediate	1976/1978/Present level
AMBELL	15	12	Nome	2	Small	Present level
OLDEN HORN		ON-DEMAND		2	Small	1976/1978/Present level
CLOVIN	3	3	Nome	2	Small	1976/1978/Present level
ODNEWS BAY	3	3	Bethel	2	Small	1976/1978/Present level
RAYLING	4 +5(F)	4 +5(F)	Aniak or McGrath	2	Small	Present level

(F) means flag stop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUBS OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
GULKANA	1	1	Cordova or Anchorage	2	Small	Present level
GUSTAVUS	7	2	Juneau	2	Small/ Large	1976/1978/Present level
HAINES	20	8	Juneau	2	Small	Guaranteed sufficient seats to yield a 50% load factor
HAWK INLET	IRT/MO	IRT/MO	Juneau	2	Small	1978/Present level
HAYCOCK	IRT/MO	IRT/MO	Nome	2	Small	1976 level
HOGATZA (Hog River)	2	2	Fairbanks	2	Small	Statutory minimum
HOLY CROSS	4 +5(F)	4 +5(F)	Aniak or McGrath Anchorage	2	Small	Present level
HOMER	32	32	Anchorage	2	Medium	Maximum seat guarantee
HOONAH	35	21	Juneau	2	Small	Present level
HOOPER BAY	6	6	Bethel	2	Small	1978/Present level
HUGHES	2	2	Galena or Fairbanks	2	Small	1978/Present level
HUSLIA	5	5	Galena	2	Small	1976/1978/Present level
HYDABURG	34	34	Ketchikan	2	Small	Present level
ICY BAY	4(F)	4(F)	Cordova	2	Small	Present level

(F) means flag stop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
IGIUGIG	2	2	King Salmon	2	Small	Statutory minimum
ILIAHNA	7	4	Anchorage	2	Intermediate	Present level
IVANOFF BAY	2(F)	2(F)	Port Heiden	3	Small	1976/1978/Present level
KAKE	6	3	Petersburg or Juneau	2	Small	1978/Present level
KALAKAKET	0	0				Present level
KALSKAG	10	10	Aniak	2	Small	Present level
KALTAG	10	5	Galena	2	Small	1978/Present level
KARLUK	J	3	Kodiak	2	Small	1976/1978/Present level
KENAI	32	32	Anchorage	2	Medium	Maximum Seat Guarantee
KETCHIKAN	21	21	Seattle	2	Large	1978 Northbound level
KIANA	8	8	Kotzebue	2	Small	Present level
KING COVE	3	3	Cold Bay	2	Small	1976/1978/Present level
KIPNUK	5	5	Bethel	2	Small	1978/Present level
KITOI BAY	1	1	Kodiak	2	Small	1978/Present level

F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
KIVALINA	12	9	Kotzebue or Barrow	2	Small	Present level
KLAWOCK	34	28	Ketchikan	2	Small	1978/Present level
KOBUK	3	3	Kotzebue	2	Small	1978/Present level
KOLIGANEK	6 +3(F)	6 +3(F)	Dillingham	2	Small	Present level
KONGIGANAK	4	4	Bethel	2	Small	1978/Present level
KOTLIK	9	9	St. Mary's	2	Small	Present level
KOYUK	6	6	Nome or Unalakleet	2	Small	1976/1978/Present level
KOYUKUK	5	5	Galena	2	Small	1976/1978/Present level
KWETHLUK	2	2	Bethel	2	Small	1978/Present level
KWIGILLINGOK	4	4	Bethel	2	Small	1978/Present level
KWIGUK (EMMONAK)	19	19	St. Mary's	2	Small	Present level
KWINHAGAK	6	6	Bethel	2	Small	1976/1978/Present level
LAKE MINCHUMINA	1	1	Fairbanks	2	Small	1978/Present level
LARSEN BAY	3	3	Kodiak	2	Small	1976/1978/Present level

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
LAZY BAY/ALITAK	6	3 (F)	Kodiak	2	Small	Present level
LEVELOCK	3 +9(F)	3 +9(F)	King Salmon	2	Small	Present level
MANLEY HOT SPRINGS	2	2	Fairbanks	2	Small	1976/1978/Present level
MANOKOTAK	5	5	Dillingham	2	Small	Present level
MARSHALL/FORTUNA LEDGE	5	5	Bethel or St. Mary's Cordova	2	Small	1978/Present level
MAY CREEK	1(F)	1(F)	Cordova	2	Small	1976/1978/Present level
McCARTHY	1	1	Cordova	2	Small	1976/1978/Present level
McGRATH	3	3	Anchorage	2	Large/Inter-mediate	1978/Present level
MEBRA 84-3-11	1	1	McGrath	2	Small	1976/1978/Present level
MEKORYUK	3	3	Bethel	2	Small	1976/1978/Present level
MIDDLETON ISLAND 81-3-3	1	1	Anchorage	2	Small	1976/1978/Present level
MINTO	2	2	Fairbanks	2	Small	1976/1978/Present level
MOSER BAY	3	1	Kodiak	2	Small	1976/1978/Present level
MOUNTAIN VILLAGE	13	12	St. Mary's or Bethel	2	Small	Present level

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
NAKEEN	0	0				1976/1978/Present level
NAKNEK	6(F)	6(F)	King Salmon	2	Small	Present level
NAPAKIAK	2	2	Bethel	2	Small	1976/1978/Present level
NAPASKIAK	2	2	Bethel	2	Small	1976/1978/Present level
NERKA LAKE	0	0				1976/1978/Present level
NEW STUYAHOK	9	9	Dillingham	2	Small	Present level
NEWTOK	2	2	Bethel	2	Small	Statutory minimum and community request
NOATAK	6	6	Kotzebue	2	Small	Present level
NOORVIK	18	15	Kotzebue or Barrow	2	Small	1978/Present level
NORTH-BUTCH ISLAND	0	0				1976/1978/Present level
NORTHEAST GAPE	0	0				1976/1978/Present level
NULATO	10	5	Galena	2	Small	Present level
NUNAPITCHUK	3	3	Bethel	2	Small	1976/1978/Present level
NYAC	2RT/MO	2RT/MO	Aniak	2	Small	Present level

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
OLD HARBOR	11 +6(F)	8 +2(F)	Kodiak	2	Small	Present level
OLGA BAY	2	2	Kodiak	3	Small	1978/Present level
OUZINKIE	12	12	Kodiak	2	Small	1976/Present level
PARKS	3	2RT/MO	Kodiak	2	Small	Present level
PEBERSON POINT	0	0				1976/1978/Present level
PELICAN CITY	6	6	Juneau	2	Small	1978/Present level
PERRYVILLE 1/	2(F)	2(F)	Port Heiden	3	Small	1976/1978/Present level
PETERSBURG	7	7	Juneau or Ketchikan	2	Large	1976/1978/Present level
PILOT POINT	5	5	King Salmon	2	Small	Present level
PILOT STATION	7	7(F)	St. Mary's	2	Small	Present level
PLATINUM	3	3	Bethel	2	Small	1976/1978/Present level
POINT HOPE	9	9	Kotzebue or Barrow	2	Small	Present level
POINT LAY	2(F)	2(F)	Barrow	2	Small	Present state certification service.
PORCUPINE CREEK	1(F)	1(F)	Bettles	2	Small	1976/1978/Present level
PORTAGE CREEK (UGSONOKLE)	2 +6(F)	2 +6(F)	Dillingham	3	Small	Present level

1/ Added to our list of eligible points because it appears on Reeve's schedules.
(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
PORT BAILEY	6+6(F)	1 +5(F)	Kodiak	2	Small	Present level
PORT HEIDEN	2	2	Anchorage	2	Intermediate	Present level
PORT LIONS	12	10	Kodiak	2	Small	1978/Present level
PORT MOLLER	0	0				Present level
PORT WILLIAMS	1	1	Kodiak	2	Small	1978/Present level
PRUDHOE BAY (DEADHORSE)	7	7	Fairbanks or Anchorage	2	Large	Maximum guarantee
QUEEN	5(F)	3(F)	Dillingham	2	Small	1976 level
RAMPART	7	6	Ft. Yukon or Fairbanks	2	Small	1976 level
RED DEVIL	3	3	Aniak	2	Small	1976/1978/Present level
RUBY	2	2	Galena or Fairbanks	2	Small	1976/1978/Present level
RUSSIAN MISSION	5	5	Bethel	2	Small	1978/Present level
SAGINAW BAY	1	IRT/MO	Petersburg	2	Small	1978/Present level
ST. GEORGE	2RT/MO	2RT/MO	King-Salmon	2	Small	Present level
ST. MARY'S	3	2	Anchorage	2	Large/Intermediate	1976/Present level

81-5-84

Corp Bay King-Salmon

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
ST. MICHAEL	3	3	Unalakleet	2	Small	1976/1978/Present level
ST. PAUL ISLAND	3	1	Anchorage	2	Large	1976/1978/Present level
SAND POINT	4	4	Anchorage	2	Intermediate	1978/Present level
SAN JUAN/UGANIK	3 +6(F)	1	Kodiak	2	Small	1978/Present level
SARICHEF/SCOTCH CAP (CAPE SARICHEF)	1	1	Cold Bay	2	Small	1976/1978/Present level
SAVOONCA	12	12	Nome	2	Small	1978/Present level
SCAMMON BAY	4	4	Bethel	2	Small	1978/Present level
SELWIK	18	15	Kotzebue	2	Small	Present level
SHAGELUK	4 +5(F)	4 +5(F)	Aniak or McGrath	2	Small	Present level
SHAKTOOLIK	5	3	Nome or Unalakleet	2	Small	1976/1978/Present level and community request
SHELDON POINT	2	2	Emmonak	2	Small	1976/1978/Present level
SIEMYA ISLAND	2	2	Anchorage	2	Large	1976/1978/Present level
SIISHINAREF	9	9	Nome	2	Small	Present level
SHUNGNAK	8	8	Kotzebue or Fairbanks	2	Small	Present level

(F) means flagstop.

*SEWARD
ADDED BY ORDER 81-8-45

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
SITKA	14	10	Juneau	2	Large	Present level
SITKINAK	0	0				1978/Present level
SKAGWAY	32	10	Juneau	2	Small	Guaranteed sufficient seats to yield a 50% load factor
SKWENTNA	2	1	Anchorage	2	Small	Community request
SLEETMUTE	3	3	Aniak	2	Small	1976/1978/Present level
SOLOMON	1(F)	1(F)	Nome	2	Small	Community request
SOUTH NAKNEK	5 +5(F)	5 +5(F)	King Salmon	2	Small	Present level
STEBBINS	3	3	Unalakleet	2	Small	1976/1978/Present level
STEVENS VILLAGE	7	6	Fairbanks	2	Small	1976 level
STONY RIVER	3	3	Aniak	2	Small	1976/1978/Present level
TAKOTNA	2	2	McGrath	2	Small	1976/1978/Present level
TANANA	12	12	Fairbanks	2	Small	1976/1978 level
TATALINA	4	4	McGrath	2	Small	Present level
TATITLEK	1	1(F)	Cordova	2	Small	1976/1978/Present level

81-8-79

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
	0					
FAYLOR						1976/1978/Present level
TELLER	6	3 +3(F)	Nome	2	Small	Present level
TENAKEE(TENAKEE SPRINGS)	3	3	Juneau	2	Small	1976/1978/Present level
TERROR BAY	1	1	Kodiak	5	Small	1976/Present level
TIKCHIK LAKE		ON-DEMAND	Dillingham	2	Small	1976/1978/Present level
TIN CITY	3	3	Nome	2	Small	1976/1978/Present level
TOGIAK	6	6	Dillingham	2	Small	Present level
TOKSOOK	5	4	Bethel	2	Small	1976 level
TULUKSAK	3	2	Bethel	2	Small	1976 level and community request
TUNTATULIAK	3	3	Bethel	2	Small	1976/1978/Present level
TUNUNAK	5	4	Bethel	2	Small	1976 level
TWIN HILLS	6(F)	6(F)	Dillingham	2	Small	Present level
UGANIK		SEE SAN JUAN				
UGASHIK	2	2	King Salmon	2	Small	Statutory minimum

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	IRT/NO	IRT/NO				
	PEAK SEASON	OFF-PEAK SEASON				
UNIAT			Fairbanks	2	Small	Present level
UNNAK ISLAND (NIKOLSKI)	2	2	Cold Bay or Dutch Harbor	2	Small	Statutory minimum
UNALAKLEET	3	3	Anchorage	2	Large	1976 level
UTOPIA	2	2	Galena or Fairbanks	2	Small	1976/1978/Present level
VALDEZ	58	44	Anchorage	2	Small	Guaranteed sufficient seats to yield a 50% load factor
VENETIE	8	3 +6(F)	Ft. Yukon	2	Small	1976 level
WAINWRIGHT	2	2	Barrow	2	Small	1976/1978/Present level
WALES	6	6	Nome	2	Small	1978/Present level
WEST POINT	1	1	Kodiak	4	Small	1976/1978/Present level
WHITE MOUNTAIN		3	Nome	2	Small	1976/1978/Present level
WISEMAN	2RT/NO	2RT/NO	Bettles	2	Small	1976/1978/Present level
WOOD RIVER		ON-DEMAND	Dillingham	2	Small	1976/1978/Present level
WRANCELL	7	7	Ketchikan or Juneau	2	Large	1976/1978/Present level
YAKATAT	7	7	Anchorage or Juneau	2	Large	1976/1978/Present level
ZACHAR BAY	1	1	Kodiak	2	Small	1976/1978/Present level

(F) means flagstop.

HB 238

The bill requires the commissioner of administration to inform retirement system participants of the changes accomplished by this bill.

Sincerely,

/s/

Bill Sheffield,
Governor"

HB 239

HOUSE BILL NO. 239 by the Finance Committee, entitled:

"An Act relating to the longevity bonus program; and providing for an effective date."

was read the first time and referred to the State Affairs and Finance Committees.

CONSIDERATION OF THE DAILY CALENDARCSHB 3(Jud)am

Representative Hanley brought up the reconsideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3 (Judiciary) amended (open containers of alcoholic beverages in motor vehicles) at this time.

THIRD READING OF HOUSE BILLS

CSHB 3(Jud)am was read the third time.

Representative Hanley moved and asked unanimous consent that CSHB 3(Jud)am be returned to second reading for the purpose of specific amendment.

Representative Clocksin objected.

Amendment No. 3 by Hanley:

Page 1, line 9 through line 3 on page 2 delete all material and insert:

CSHB 3(Jud)am

*Section 1. AS 28.35.031(b) is amended by adding a new paragraph to read:

"(3) ; or was driving a motor vehicle that contained an open bottle, can, or receptacle containing an alcoholic beverage in the passenger compartment."

Representative Clocksin moved and asked unanimous consent that CSHB 3(Jud)am be held in third reading for the calendar February 27, 1985, with the motion to return to second reading pending. There being no objection, it was so ordered.

SECOND READING OF HOUSE RESOLUTIONSEJR 16

HOUSE JOINT RESOLUTION NO. 16 (relating to essential air service) was read the second time with the Transportation Committee report (page 389).

Representative Clocksin moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation) (same title) be adopted in lieu of the original resolution. There being no objection, it was so ordered.

CSHJR 16(Trsp)

Amendment No. 1 by Martin:

Page 1, line 25:

After "U.S. Senate;" add "the Honorable Robert Dole, Majority Leader of the Senate;"

Representative Martin moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative Pignalberi objected then withdrew his objection. There being no further objection, Amendment No. 1 was adopted.

CSHJR 16(Trsp)am

Representative Clocksin moved and asked unanimous consent that CSHJR 16(Trsp)am be considered engrossed, advanced to

CSHJR 16(Trsp)am

third reading and placed on final passage. There being no objection, it was so ordered.

CSHJR 16(Trsp)am was read the third time.

The question being: "Shall CSHJR 16(Trsp)am pass the House"? The roll was taken with the following result:

CSHJR 16(TRSP) AM

Yeas:	32	Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Gruenberg, Grussendorf, Hanley, Herrmann, Jenkins, Larson, Miller, M.M., Miller, M.W., Navarre, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Sund, Szymanski, Taylor, Thompson, Uehling, Wallis
Nays:	3	Furnace, Marrou, Martin
Excused:	2	Hurley, Pearce
Absent:	3	Goll, Koponen, Shultz

And so, CSHJR 16(Trsp)am passed the House and was referred to the Chief Clerk for engrossment.

LEGISLATIVE CITATIONS

Representative Phillips moved and asked unanimous consent that the citation Honoring Student Leadership Project be sponsored by all members of the House. There being no objection it was so ordered.

Representative Clocksin moved and asked unanimous consent that the House approve the citations on the calendar. There being no objection, the House approved the following citations:

Honoring - Nora Guinn

In Memoriam - Stanley Taff

which were referred to the Chief Clerk for transmittal to the Senate; and

Honoring - Kathy Frost

Honoring - Bristol Bay Boys Basketball Team

Honoring - Bristol Bay Girls Basketball Team

Honoring - Student Leadership Project

In Memoriam - Ray Scoby

In Memoriam - Gary Young

which were referred to the Chief Clerk for enrollment.

Representative Clocksin moved and asked unanimous consent that the House recess until 12 noon. There being no objection, the House recessed at 11:52 a.m.

JOINT SESSION IN THE HOUSE

Speaker Grussendorf called the House to order and, in accordance with the Uniform Rules, turned the gavel over to President Bennett, who call the joint session to order at 12:10 p.m.

The purpose of the joint session was to receive an address by the Honorable Ted Stevens, U.S. Senator.

Senator Halford moved and asked unanimous consent that the roll call of the Senate be waived and all members be shown as present. There being no objection, it was so ordered.

Representative Clocksin moved and asked unanimous consent that the roll call of the House be waived and all members be shown present. There being no objection, it was so ordered.

President Bennett appointed Representative Gruenberg and Senator Coghill to escort Senator Stevens to and from the Joint Session.

Senator Stevens was escorted to the rostrum and introduced by President Bennett.

Senator Steven's remarks appear in House and Senate Joint Journal Supplement No. 5. A question and answer period followed the conclusion of the Senator's remarks.

Alc Airlines - CONCORDIA
 YAKUTAT
 Petrusburg
 Wrengech
GUSTAVUS

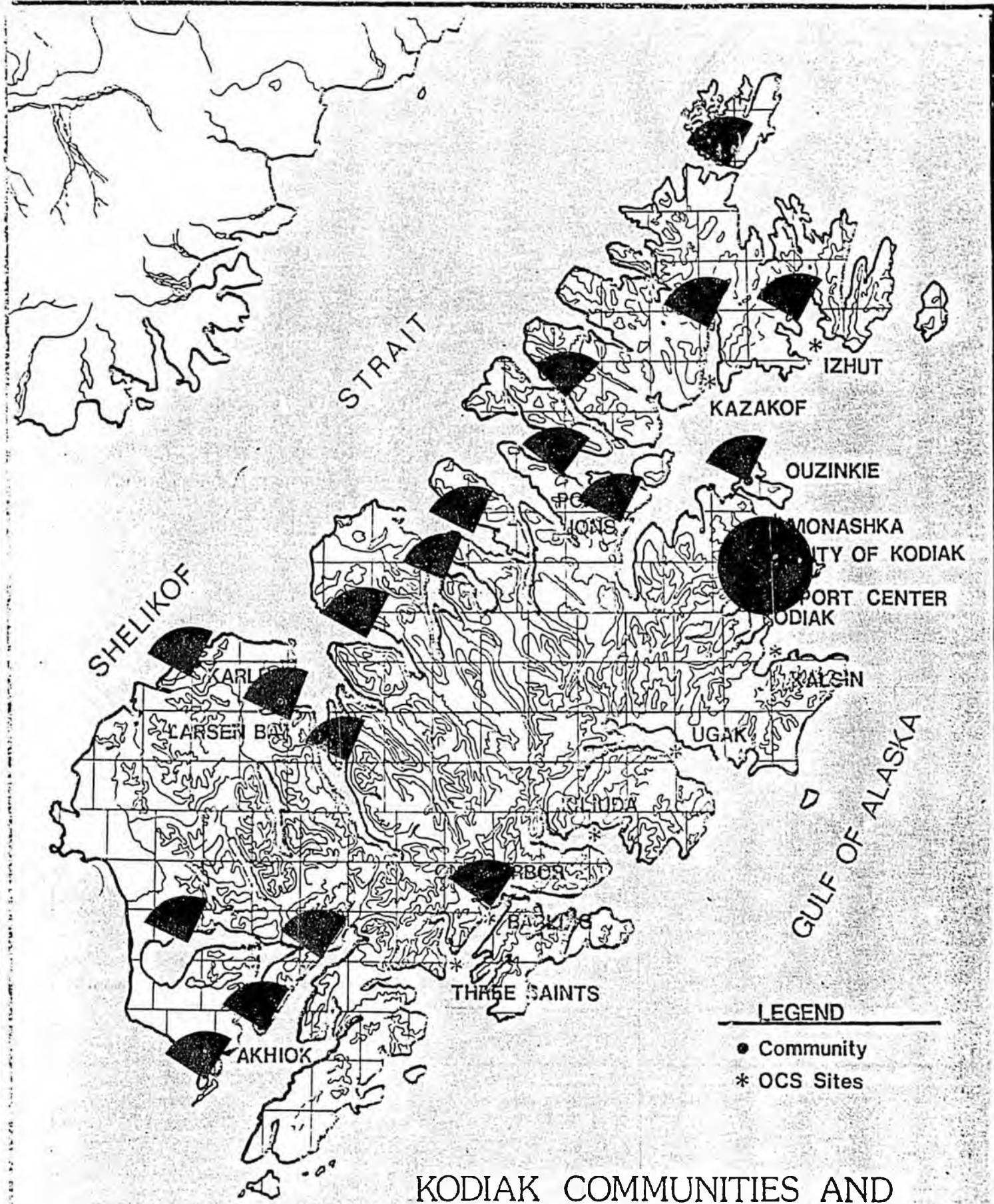
ESSENTIAL Air Service

Current Recipients

	<u>Community</u>	<u>CHARTER Service</u>	<u>SUBSIDY</u>
From CONCORDIA:	Boswell Bay Cape YAKUTATCA CHITINA ICY BAY	CHITINA Air	\$ 112,986
From GULKANA:	CHISANA MAY CRUIK MC CARTHY	ELLIS Air	\$ 56,333
DILLINGHAM :	ATKA ST. GEORGE	Peninsula Air	\$ 208,088 \$ 77,239
KODIAK :	16 Communities	SEA Air	\$ 488,735
FAIRBANKS	CENTRAL CIRCLE WISEMAN	HAROLD'S Air FRONTIER Air	\$ 34,320

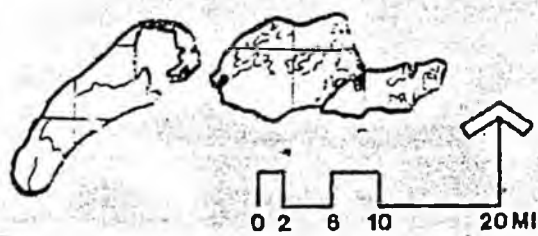
Applicants

None : Council
 Bethel : Cape Newenham
 Cape Royden
 Barrow : BARTON Island



KODIAK COMMUNITIES AND POTENTIAL O.C.S. SITES

kodiak island borough regional plan and development strategy



Base prepared by AEIDC from USGS maps

opinion

2/1

Anchorage Daily News



Winner, 1976 Pulitzer Prize Gold Medal for Public Service

Gerald E. Grilly
Publisher

Howard Weaver
Managing Editor

Steve Lindbeck
Editorial Page Editor

Katherine Fanning, Editor and Publisher 1971 to 1983

Lawrence Fanning, Editor and Publisher 1967 to 1971

Alaska's Only Morning Newspaper • Founded In 1946 by Norman C. Brown

Bush air service cuts irresponsible

"Penny wise and pound foolish" is the best way to describe the Reagan administration's plan to stop subsidizing air service to 135 communities. Administration spokesmen say the government could save \$45 million by eliminating the Essential Air Service program. That's a \$45 million deduction from the federal budget — and a kick in the pants for Old Man Deficit.

That sounds great until you look at the consequences for the towns and villages that receive subsidized air service. Here in Alaska several dozen communities would face serious increases in their freight rates and a sudden spurt in the cost of living. Other communities, including Cordova, Gustavus, Petersburg, Wrangell and Yakutat, could face a loss of air service if the subsidy is eliminated.

Aviation rapidly transformed Alaska when it was introduced in the 20s, and Alaskans remain uniquely dependent on the airplane. Those officials in Washington who would cut aviation subsidies for the Last Frontier must be terribly misinformed. If they understood Alaska, it would be clear to them that their proposal will have massive negative consequences for those Alaskans who do not live on the state's limited highway system.

No one can argue with the Reagan administration's ambition to make federal spending responsible. But crippling air service to many Alaska communities is decidedly irresponsible. The president should have a chat with Secretary of Defense Caspar Weinberger whose Pentagon costs \$32 million a hour to operate. There must be something the Pentagon does for an hour and a half every year that could be sacrificed in favor of Alaska aviation.

Original sponsors: Cato, Thompson,
Adams, et al

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to essential air service.

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

WHEREAS Alaskan air carriers are recipients of federal funding under the U.S. Department of Transportation Essential Air Service program; and

WHEREAS the President of the United States has proposed a budget for fiscal year 1986 that would eliminate the Essential Air Service program; and

WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504) Congress provided that the program would continue until 1988; and

WHEREAS Alaska has 38 communities that would be adversely affected by elimination of the funding; and

WHEREAS Alaskan air operators have been developing free market alternatives consistent with the deregulation of air transportation and the scheduled termination of the subsidy in 1988;

BE IT RESOLVED by the Alaska State Legislature that Congress fully fund the Essential Air Service program and that the U.S. Department of Transportation adhere to the scheduled 1988 timetable for elimination of the program.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. "Tip" O'Neill, Speaker of the U.S. House of Representatives; the Honorable Elizabeth Dole, Secretary of Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska

delegation in Congress.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

Editorials

Bush airline subsidies

AS EXPECTED, President Reagan in his budget proposal for FY '86 eliminated airline subsidies across the nation, including Alaska, that have been doled out since 1978 under the Essential Air Services program.

Were Congress to buy the president's package, Alaska's smaller communities would suffer substantially. Those who live in remote and far-flung villages would be hard pressed to survive without the freight shipments the \$5 million in annual subsidies make possible.

The airline subsidies were easy targets because the president's budget experts found a great deal of waste in the program in other states. A spokesman in the office of Sen. Ted Stevens assures us none was found in Alaska.

THIS GIVES Alaska's delegation in Washington, D.C., more ammunition to fight the cuts.

They already had plenty of reasons to argue for retaining the subsidies. Thirty-seven Alaska communities would lose guaranteed air service, which is a great deal more than mere convenience of people getting in and out of the villages. Passenger service is important, but it's the freight — the foodstuffs, the building sup-

plies, the generators and the pipe for water systems — that would make the big difference.

We admire President Reagan for his efforts to reduce the national budget. We admire congressmen who are willing to absorb some heat from constituents and agree to cuts.

WE HAVE SYMPATHY for those who have built lifestyles around federal aid and must now make drastic personal changes because Uncle Sam's contributions to their health and welfare will be curtailed.

We realize how easy it is to approve cuts in federal funds for others but at the same time beg that our own be left intact.

In the case of the subsidies, however, Alaska is different. For many of the rural communities, there is no other form of transportation. They aren't situated on highways or navigable rivers. Though conditions are improving in many of the villages, others are still struggling to come into the 20th century.

No one anticipates that Mr. Reagan's budget will emerge intact. Many forces, not the least of which is politics, will be at play as it works its way through Congress. We hope reason also will play a role.



Washington — Pamela Harriman, former Ambassador Averell Harriman's Democratic fund-raiser, unintentionally got the biggest laugh of the day at the Democratic National Committee meeting that elected its new chairman.

Mrs. Harriman, giving the assembly a pep talk, told them that "we need to move forward into the 20th century." It was a slip of the lip. But the manner in which

**Birding,
California st...**



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

August 10, 1981

MEMORANDUM

TO: Senator Brad Bradley

FROM: Jack Kreinheder *JK*
Research Staff

RE: Airline Deregulation
Research Request No. 81-126

Frank Lee requested on your behalf that we provide information on the effects of airline deregulation on rates for passenger and air cargo transportation in Alaska. You also asked if the State has any statutory authority for the control of cargo rates and passenger fares for intra- or interstate air transportation.

It is important to stress at the beginning of this memorandum that the deregulation process is a complex subject which can only be briefly summarized in the time available for this report. In particular, the authority of the State relative to that of the federal government for regulation of air transportation is still being defined and may change significantly in the near future.

The current trend in the deregulation of air transportation began in early 1977, when the Civil Aeronautics Board (CAB) was directed by the Carter administration to ease controls on airline fares and routings. In October, 1978, the Congress enacted the Airline Deregulation Act of 1978.¹ The Act included a phased schedule for progressive airline deregulation between 1978 and 1985, when deregulation would be virtually complete and the Civil Aeronautics Board (CAB) would be terminated. Any remaining regulatory authority would be transferred under the Act from the CAB, now the primary agency for regulation of air transportation, to the Department of Transportation or other federal agencies. Two of the main areas in which federal regulation will continue are international air transportation and the assurance of air service to small communities, as discussed below.

¹ The full text of this Act can be found in 49 USC 1305.

Senator Brad Bradley
August 10, 1981
Page 2

Impact of Deregulation on Alaska to Date

Alaska was given special treatment under the Deregulation Act of 1978, because the Congress recognized the greater importance of air travel in Alaska and the different structure of its airline industry. Probably the most important exception for Alaska is that the State was not totally preempted from the regulation of air transportation, as were all the other states in the country.² As mentioned earlier, the division of authority between the State of Alaska and the federal government is not entirely clear at this point, but the State does retain a significant role in the regulation of air transportation.

The Deregulation Act relaxed the regulations for both routing and fare changes for major carriers in Alaska. In addition, the requirements for the entry of new carriers were substantially reduced. The latter change has resulted in the establishment of four new regional carriers in Alaska: Air North, Peninsula Airways, SeaAirmotive, and Western Yukon Air. The relaxed regulations for route changes have allowed Alaska Airlines to extend its service to Nome, Kotzebue, Portland, San Francisco, and other cities. Wien Air Alaska, which before deregulation flew only in the Arctic and Southcentral Alaska, has added routes to Southeast Alaska, Seattle, and Portland. Under the Act, airline routing will be fully deregulated on January 1, 1982. At this time, any carrier will be able to fly to any cities it chooses.

The deregulation process in most cases has not had a major impact on air fares and freight rates in Alaska, with the exception of special introductory fares when carriers entered new routes. These low introductory fares were often matched by the existing carrier(s), providing substantial savings to travelers on these routes, but generally these lower fares were limited to a few weeks or months in duration. On the whole, air fares and freight rates have increased substantially in Alaska since 1978, but primarily these increases have resulted from the rapidly increasing cost of jet fuel and aviation gasoline, and inflation in general, rather than deregulation.

Under the Deregulation Act, air carriers under the authority of the CAB must still get CAB approval for major fare increases. The Act established a "zone of reasonableness", which provides that fares may be reduced up to about 50 percent, or raised up to about 10 percent, without CAB approval. This procedure has allowed carriers to offer low introductory rates and obtain small fare increases more readily. The Deregulation Act provides for fare changes to be completely deregulated

² Approximately 12 states exercised some regulatory authority over air travel prior to the enactment of the Airline Deregulation Act of 1978.

Senator Brad Bradley
August 10, 1981
Page 3

On January 1, 1983, and carriers will be able to charge whatever they want after this date. Competition among carriers is expected to keep rates at a reasonable level. Legislation has been introduced by the Reagan administration which would accelerate this full deregulation of rates by three months, to September 30, 1982.

On the whole, most air carriers in Alaska have welcomed deregulation for the added flexibility in routing and fares it has provided. However, the increased competition which has resulted on some routes has led to losses and reduced profitability for some of the major carriers, as is true in the contiguous U.S.

Long Term Prospects for Deregulation

As noted above, the Deregulation Act established a gradual transition from strict regulation of air transportation to a free market system. Now that the deregulation process has begun, many members of the airline industry have expressed an interest in having deregulation accelerated to take full advantage of its benefits and avoid some of the difficulties associated with the present combination of regulation and free market systems. The Reagan administration bill mentioned above would sunset the CAB on September 30, 1982, a full 27 months in advance of the January 1, 1985 date specified in the Deregulation Act of 1978. In presenting the legislation, Transportation Secretary Drew Lewis stated that early sunset of the CAB would further reduce the regulatory costs on the aviation industry, as well as eliminate the cost of maintaining the CAB longer than necessary.

Although deregulation appears to have won wide acceptance in the air transportation industry, concerns have been raised about the potential long term impacts of deregulation on air service to rural communities in the state. As you know, many of these communities rely solely on air transportation during much of the year, not only for personal travel, but also for the shipment of foodstuffs and other necessary items. The small population and widely dispersed nature of these communities often means that air service is expensive and may provide only a marginal return to carriers serving these areas.

The federal government has for many years provided subsidies to air carriers which serve remote or rural areas of the state. The Deregulation Act ended these subsidies in all states except Alaska, where they are scheduled to be terminated in January, 1983. These federal subsidies total about \$10 million annually, with about \$5.9 million going to Wien Air Alaska, \$3.7 million to Alaska Airlines, and \$0.4 million to Kodiak Western Air Alaska. Proposals have been made to

Senator Brad Bradley
August 10, 1981
Page 4

speed up the termination of these subsidies by a year or more. Although such proposals are supported by smaller air carriers which compete with the airlines receiving subsidies, the subsidized airlines have indicated concern about the effect of an earlier termination on their ability to continue service to some areas of the state.

The Deregulation Act recognizes in its Essential Air Service (EAS) program the importance of air service to rural communities and the possible unprofitability of providing such service. Under the EAS program, also known as the Section 419 subsidy program, carriers must provide 90 days notice when discontinuing service to certain cities. If no other carrier is currently serving the city or community, the CAB must attempt to find a substitute carrier for the route. If no substitute carrier can be found, the CAB is authorized to provide subsidies to the existing carrier, or a new carrier, to maintain air service to the community.

The EAS program has been used in a number of cities in the contiguous U.S., but is just being implemented in Alaska now. So far, Atka in the Aleutian Islands is the only community in Alaska to receive subsidized air service under the EAS program. Of the 559 communities in the U.S. determined by the CAB to be eligible for EAS subsidies, 233 or 40 percent of these cities are in Alaska. Additional communities in Alaska may receive EAS subsidies as the program is fully implemented.

The major criticism of the EAS program with regard to Alaska is that the program guarantees only passenger service; freight and mail service are not included in the program. Although most passenger flights include some freight service, the volume of air freight needed by many rural communities often requires flights solely for freight delivery. In the contiguous U.S., even the smallest town usually has road access to a nation-wide transportation network, but in Alaska, many communities have no alternative to air delivery of cargo during the winter months. This drawback in the Deregulation Act raises the possibility of either inadequate freight service to some areas of rural Alaska, or very high rates to ensure that carriers providing such service can make an adequate profit. An additional concern is that the EAS program will only be provided through 1988 under the present law, so that the State may need to assume this responsibility if the free market does not adequately serve some areas of the state.

State Authority Over

At the present time, regulation of the air transportation industry in Alaska is shared by the State and the CAB. In general, the State regulates routing and fares for some of the small scheduled air

Senator Brad Bradley
August 10, 1981
Page 5

carriers and some of the air taxis operating in the state. The interstate carriers are regulated by the CAB, as are those intrastate carriers and air taxis which hold a certificate of authority for air transportation under Section 401 of the Federal Aviation Act. The Deregulation Act of 1978 preempted the State of Alaska from regulation of any carrier or air taxi holding a Section 401 certificate, but allowed the State to continue regulating carriers or air taxis without such certificates. One result of this distinction has been an increase in applications for Section 401 certificates by Alaska carriers, so that they could avoid State regulation and take advantage of the provisions of the Deregulation Act.

It is unclear what regulatory authority the State will retain after deregulation at the national level is complete. The CAB has introduced legislation which would substantially preempt the State's authority over most aspects of air transportation in Alaska. Other legislation being considered by the Congress would retain most of the State's present authority if enacted. The Alaska Transportation Commission and the State's Congressional delegation are presently taking an active role in the debate over this legislation in an effort to maintain as much of the State's authority as possible. The primary reason for this effort appears to be concern that the free market system may not provide adequate air service for all of Alaska without some regulatory intervention.

If you would like additional information or would like to keep abreast of current developments in the deregulation field, I suggest you contact Mr. Chuck Schmidt with the Alaska Transportation Commission (279-1451) or Mr. Dick Steinman with the Anchorage office of the Civil Aeronautics Board (271-5146). These gentlemen are two of the most knowledgeable persons in the state on this subject.

I hope this information is useful, and I apologize for the delay in providing this information to you. Please let me know if you have any questions.

JK/bf

COMMITTEE REPORT
HOUSE

(7)

FURTHER:

2/8/85

Date: 19 FEB 1985

The Committee on TRANSPORTATION has had HJR 16
"An Act relating to essential air service."

under consideration and recommends:

do pass [] do not pass

[] do pass with attached amendments(s)

replace with CS for HJR 16 (TRSP) [] same title
[] new title
and recommends _____

[] AND attaches a "Letter of Intent" [] New Fiscal Note

[] reports it back without recommendation [] Zero Fiscal Note Attached

[] referred to the _____ Committee

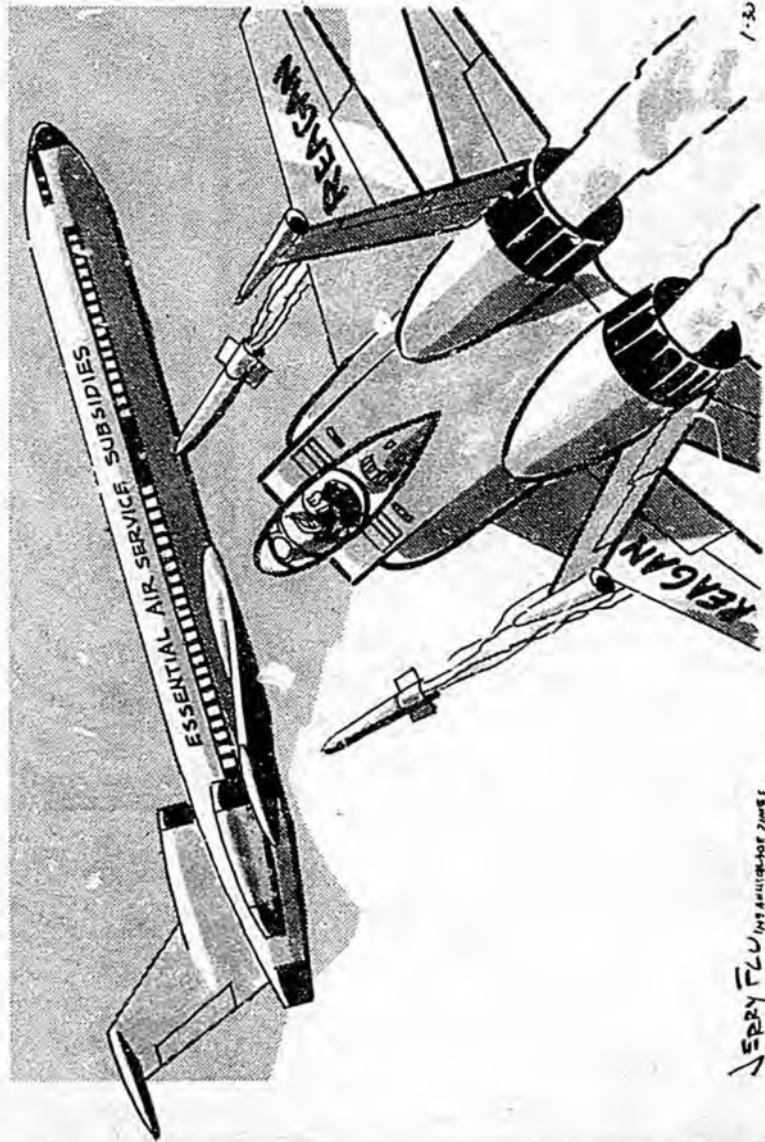
MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bette Cat
Dick Shurt
Adelheid Herrmann
Merbe Deun
Marcotte Aguilera

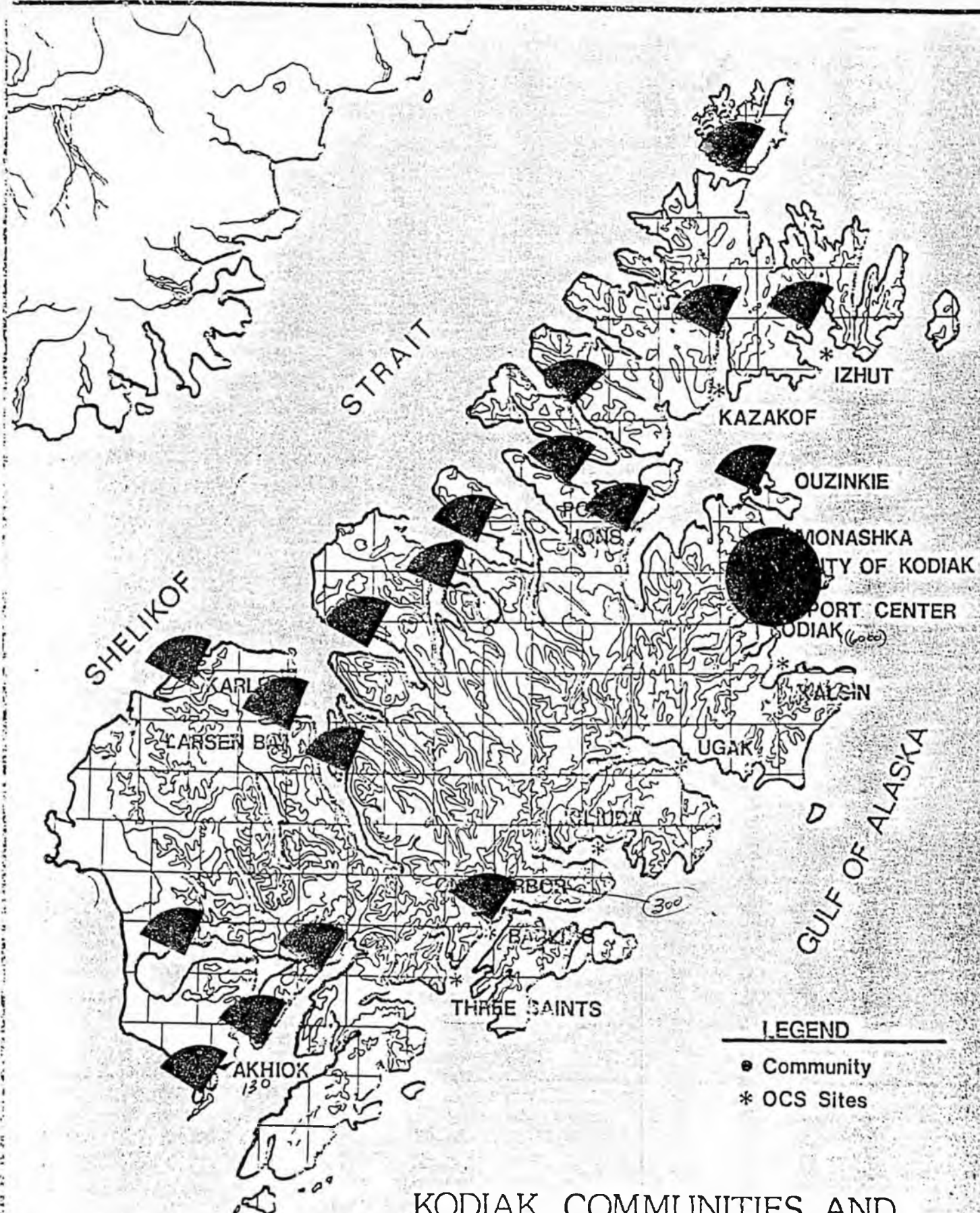
Andie M Do Not Pass
Walt Furnace No Rec

Bette Cat
CHAIRMAN



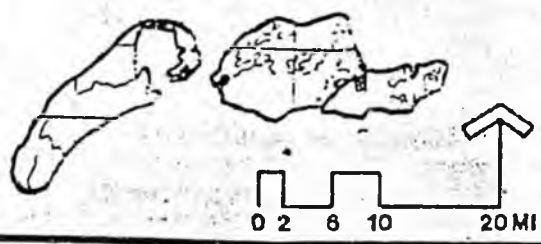
JERRY FLUCK FOR AMERICAN TIMES

1-30



KODIAK COMMUNITIES AND POTENTIAL O.C.S. SITES

kodiak island borough regional plan and development strategy



Base prepared by AEIDC from USGS maps

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

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

DATE: 07 FEBRUARY 1985
TO: MIKE FORD
FROM: Rhonda Cargill *RC*
Staff, House Transportation Committee
RE: WORK DRAFT 14-0566

Please add the following legislators as co-sponsors to this resolution and provide us with a final copy so that we may have it read across the floor this morning.

THOMPSON
HERRMANN
M.M. MILLER
M.W. MILLER
JOHN BINKLEY
ROBIN TAYLOR
JOHN SUND
BEN GRUSSENDORF
FRITZ PETTYJOHN

JIM DUNCAN
AL ADAMS
MIKE DAVIS
SAM COTTEN
JACK FULLER
PETER GOLL
MIKE NAVARRE
STEVE REIGER
MARCO PIGNALBERI

Thank you so much for your expedient response.

COMMITTEE REPORT
HOUSE

3/20
Rules

(7)

FURTHER:

2/8/85

Date: 19 FEB 1985

The Committee on TRANSPORTATION has had HJR 16
"An Act relating to essential air service."

under consideration and recommends:

- do pass [] do not pass
- [] do pass with attached amendments(s)
- replace with CS for HJR 16 (TRSP) [] same title
[] new title
- and recommends it do pass
- [] AND attaches a "Letter of Intent" [] New Fiscal Note
[] Zero Fiscal Note Attached
- [] reports it back without recommendation
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

J. K. South

Mark DeWitt

Marcello Squitieri

MEMBERS HAVING
OTHER RECOMMENDATIONS:

11/10/85

Patricia
CHAIRMAN

ASAP (before the
Susan Anderson
ASAP)

16 FEBRUARY

To: Mike Ford, Legal Services

From: Rhonda Carjell, P.A. Trsp Committee

RE: HJR 16 (draft # 0566)

Please draft the following
changes for a CS HJR 16 (TRSP):

line 8 add after the United States

line 9 add after the President of the United States
proposed budget for
fiscal year 1986
would eliminate

line 9 delete after the [DEPARTMENT OF TRANSPORTATION
IS CONSIDERING ELIMINATING]

line 10 delete after program [FROM THE NEXT FISCAL
YEAR BUDGET]

line 16^{or 17} add after that Congress fully fund the
Essential Air Service Program and that
the U.S. Department of Transportation

line 16 + 17 delete after that [THE U.S. DEPARTMENT OF
TRANSPORTATION IS RESPECTFULLY

line 18 delete after the [ESSENTIAL AIR SERVICE]

Add another WHEREAS which says something to the effect that -

Whereas the Federal law provides for the continuation of the program until 1988;

Add to the list on line 19: President Reagan, Senator George Bush, President of the Senate and Tip O'Neil (R.I.) Speaker of the House.

The above language was suggested by Mark Wiltow in Wash. D.C. ~~as~~ since the President has already submitted his budget to Congress & it does eliminate the funding for this program. If you have any questions, please call me at 465-4858

^{on us}
One last thing, Rep. Cato has scheduled this resolution for Tues. Feb 19 7:00 A.M.

Thanks so much for your help.

TRANSPORTATION COMMITTEE DAILY AGENDA

=====

- 1) CALL MEETING TO ORDER
- 2) NOTE MONTH/DAY/YEAR Tuesday, February 19, 1985
- 3) NOTE TIME: (7:00 a.m.)
- 4) NOTE MEMBERS PRESENT AND EXCUSED

--Note: For the record, also note any late arrivals to the meeting.

- 5) RECOGNIZE VIP'S
- 6) REMIND PARTICIPANTS TO SIGN THE WITNESS REGISTER
- 7) BRING BEFORE THE COMMITTEE CS HJR 16 (TRSP) TO BE ADOPTED

The main difference between HJR 16 and the committee substitute is we needed to up-date the language to the present time. When originally drafted, the President had not yet submitted the budget to Congress. Now he has.

- 8) INTRODUCE WITNESSES--The following will testify on CS FOR HJR 16 (TRSP):
 - ° Representative David Thompson
 - ° Reed Stoops and Bob Jacobsen of the Air Carriers
- 9) ANNOUNCE TIME OF ADJOURNMENT

HOUSE RESEARCH AGENCY

RESEARCH REQUEST FORM

14-109

Request #

KEY WORDS

Representative Cato

Requested for (Legislator)

Rhonda Cargill (4252)

Requested by (Legislative staff)

04/27/84

Date and time request received

Impact of deregulation on Alaska

Air Carriers

ASSIGNMENT

David Tani

Staff (8854)

04/27/84

Date

CONFIDENTIAL? Yes No

SUBJECT DESCRIPTION

answer questions (see attachment) on the impact of deregulation on air carriers in Alaska.

PURPOSE:

Background Info/Pertinent Files?

ANTICIPATED COMPLETION DATE: May 14, 1984 (Anticipated)

DELIVER TO: _____
(Name)

(Address)

2-11-81
State Office

QUESTIONS ON IMPACT OF DEREGULATION TO-DATE IN ALASKA

Q. Comparison of service to selected communities now with pre-deregulation period

<u>Type of A/C</u>	<u>Frequency</u>	<u>Cost</u>	<u>No. Carriers</u> <u>serving Community</u>	<u>Population</u> <u>of Community</u>
--------------------	------------------	-------------	---	--

Q. Is there any government subsidy, either federal or state, either now or pre-deregulation, to commercial air carriers in Alaska? Who gets the subsidy, the carrier or the community? Which communities benefit from the subsidy? What are criteria for getting subsidy?

Q. What contingency plans exist to maintain an essential level of service, should the present competitive situation lead to a deterioration in the level or quality of air service to remote communities?

Q. Some indication of the relative weighting of air freight and mail revenue compared to passenger revenue for air carriers operating in Alaska. What is happening to mail contracts as a result of deregulation and is there any effect on the level of competition?

Q. Is the passenger-mile cost of travel to Seattle from Alaska higher than travel in the Southern 48? If yes, why? Is the passenger-mile cost within Alaska much higher than between comparable communities in the Lower 48? If yes, why?

Q. What operating costs are imposed by the State and by the federal governments? (i.e. landing fees, fuel tax, lease of airport property etc.). What proportion of the fare do these represent?

Q. What percentage of seats on flights between Alaskan communities, and the major centres of Alaska, are economy, discount and deep discount?

Q. How many communities depend on air access? i.e. how many are connected by road?

Q. What is the per capita disposable income in Alaska, and does it vary much by community?

Q. Has deregulation resulted in many bankruptcies?

Q. Has deregulation had any effect on safety margins?

Q. One argument that has been used against deregulation in Yukon is that carriers would come up from the south in the summer, 'Skim off the summer cream' and leave the local carriers with insufficient cash to tide them through the lean winter months, leaving communities without service in the winter. Was this argument used by carriers in Alaska against deregulation? Has this effect happened? How many of the carriers in Alaska are Alaska-based?

Q. Are communities generally happy with deregulation?

Q. What are the long-run projected effects of deregulation?

INFORMATION FROM THE ALASKA CIVIL AERONAUTICS BOARD

I talked to Mr. D. Steinman from the CAB a few weeks ago. He gave me the following information on the effects of deregulation.

a) Pre- Deregulation

Air service was guaranteed to 230 communities. 187 communities received a subsidy under regulation 406. Practically all communities only have air access. Only 12 have road access, although some communities have barge access in the summer months.

b) Deregulation

Small communities in the US are guaranteed air service under the 'Essential Services to Small Communities Program' (Regulation 419). This will be phased out in 1988. Only 42 communities receive this subsidy at present.

The incumbent on a route at the time of deregulation (1978) has to maintain service on the route if no other carrier is willing to provide service. Wien Air used to provide service to most communities, usually through subcontracting to smaller airlines. At present Wien is obligated to provide service to only 8 communities. This indicates that smaller airlines are managing to provide viable service to most communities.

Mr. Steinman said people were generally happy with deregulation. Arguments by Wien Air against deregulation in areas of small, thinly-spread population in retrospect seem to have little plausibility, he said.

He said many communities were receiving more frequent service than before. In many cases they are receiving service from more than one carrier

P. FAIRMAN

POLICY ANALYSIS PAPER NO. 82-8

Airline Deregulation
-A Briefing Paper-

August 24, 1982



STATE OF ALASKA

OFFICE OF THE GOVERNOR

Division of Policy Development and Planning

POUCH AD

JUNEAU, ALASKA 99811

(907) 465-3577

Airline Deregulation
-A Briefing Paper-

The Civil Aeronautics Board (CAB) is a federal agency which regulates air transportation in the United States. The agency is scheduled for elimination in 1984 and has already begun to diminish its role, most noticeably in the area of regulating routes and fares. Other functions, such as determination of payments for mail and passenger service, will be phased out over the next two years. The demise of the CAB is of special importance to the State of Alaska because of the State's heavy reliance on air transportation, particularly on subsidized air transportation to rural areas. This paper briefly discusses several issues arising from the sunset of the CAB. Those issues include subsidized passenger service, subsidized mail service, and the State's role in filling the regulatory gap which will expand as CAB responsibilities diminish.

The Air Subsidy System

Section 406 of the Federal Aviation Act of 1958 provides certain regional or local air carriers with federal funding in order to encourage passenger service to small communities. Alaska contains nearly half (183) of the nation's communities on the subsidized air transportation system. Air carriers currently receive about \$10 million annually for providing passenger service to Alaskan communities. In Alaska, only Wien Air Alaska, Alaska Airlines, and Kodiak Western Alaska receive subsidies directly from the federal government; these air carriers may (and often do) subcontract with other air service operators to provide service to small communities.

In addition to calling for a gradual reduction of federal functions in terms of authorizing carriers, routes, and tariffs for air transportation services, the Airline Deregulation Act of 1978 established a new air service subsidy program under Section 419. The Section 419 subsidy system was designed to replace subsidies paid under Section 406. Some major differences between Section 406 subsidies and Section 419 subsidies are described below.

- ° Subsidy Points - The Section 406 subsidies were generally applied to an entire route system; Section 419 subsidies apply to specific points called Essential Air Service (EAS) points.¹

¹ A community is an EAS point if: 1) in 1978, it was authorized to be served by an air carrier operating with a certificate issued under Section 401 of the Federal Aviation Act; 2) it was deleted from a 401 certificate after 1968 and the CAB designates it as an eligible point; or 3) it is in Alaska or Hawaii and the CAB designates it as an eligible point. In designating EAS points, the CAB is directed to consider current and potential traffic, cost of providing transportation, availability of alternative means of transportation, and the degree of isolation of the community.

- Allocation of Subsidies - Section 406 subsidies were allocated on a non-competitive basis to carriers holding operating certificates issued under Section 401; Section 419 subsidies are to be allocated on a limited competitive basis to any air carrier. Considerations other than cost of service include level of service, experience of the applicant, and the potential for an "integrated linear system" of service. This last criterion means that the CAB may request bids for service to clarify clusters of communities rather than separate bids for each community.
- Replacement of Carriers - After January 1, 1983, any air carrier may "bump" the designated EAS provider if the current provider has served a point for at least two years and if the potential carrier can show that replacement service will be improved at no additional cost or that essential air service will be provided at a lower cost. Section 406 has no provisions for replacing low quality or high cost carriers.

The primary purpose of Section 419 was to encourage continued passenger service to communities which might otherwise be left without scheduled service when other sections of the Act allowed carriers to transfer their resources to other markets. Although both Wien and Alaska Airlines took advantage of the revised market entry rules and expanded service to points outside Alaska, the expansion did not reduce existing service in Alaska. One reason is that much of these carriers' rural Alaskan air service has been subcontracted to local air taxi operators for several years. The subcontractor system provided little incentive to drop communities from the 406 subsidy program. Consequently, Alaska is several years behind the contiguous states in the transition from Section 406 to Section 419 subsidies.

In Alaska, the transition process began when "notices of intention to terminate service" were filed with the CAB by Alaska Airlines and Wien Air Alaska. These filings appear to be a logical course of action under the circumstances. If the CAB orders an air carrier to continue to provide service to a market that was on the 406 subsidy system, the carrier is eligible for compensation under Section 419. If the airlines had failed to file termination notices by July 2, 1982, the 90 day notification period would have extended into fiscal year 1983. Although the subsidy paid under Section 406 is authorized through 1985, funding for the program was excluded from the 1983 budget.

The failure of Congress to appropriate funds for payments under Section 406 opened the complex issue of whether the program requires yearly appropriations or is an entitlement for which payments must be made if services are performed. Determination of whether Congressional appropriation is necessary would require a decision by the court.

The decision faced by Wien and Alaska Airlines was: (1) file to terminate service and risk losing routes to other carriers on or after October 1, 1982; or (2) fail to file termination notices and risk being pressured by the CAB to continue service for 90 days while subsidies were reduced or eliminated. Three factors undoubtedly influenced the decisions. Because both Wien and Alaska Airlines pass large portions of subsidy receipts on to their substantial networks of subcontractors, termination of passenger service should have little direct impact on either carriers' equipment needs or net income. Secondly, resolution of the funding questions surrounding payments under Section 406 could involve substantial time and legal expenses. Finally, the "bumping" provisions of the Act would likely result in transfer of routes to subcontractors and/or competitors beginning January 1, 1983. Failure to file termination notices may have extended the rights to routes by only three months, and could have resulted in substantial legal and operating expenses.

Kodiak Western, the third of Alaska's subsidized carriers, does not rely heavily on independent subcontractors to provide air service so faces a different situation. Loss of routes is more likely to result in inefficient equipment use and reduced net income. Kodiak Western has not filed a notice to terminate service effective October 1, 1982, and has joined Republic Airlines in a challenge of the CAB's interpretation that Congressional intent was to end the 406 subsidy program as soon as possible.

A favorable ruling in the legal suit would allow Kodiak Western -- and other carriers receiving funds under Section 406 -- to continue service under Section 406 until bumping procedures (effective January 1, 1983) are initiated. According to the CAB, at least two carriers have indicated interest in the market served by Kodiak Western. The suit does not appear to have any long-term impact, but the issue has prompted the CAB to waive the requirement for 90 days notice before terminating service.

The State's Role in the Transition Process

To date, the transition from Section 406 to Section 419 has required little action by the State. As we approach the October 1 transition date, activity can be expected to increase. The CAB has requested State assistance in: (1) developing criteria that will assure selection of replacement carriers that are truly fit and able to serve Alaska's needs; and (2) ensuring that communities are aware of transition issues and have an opportunity to participate in carrier selection and other decisions affecting the communities.

In a July 27 letter to the Chairman of the CAB, Governor Hammond offered the assistance and cooperation of a Task Force created to facilitate the transition from Section 406 to Section 419. The Air Service Task Force

consists of representatives from the Alaska Transportation Commission (two), the Department of Transportation and Public Facilities, and the Office of the Governor (two). Some of the issues facing the Task Force are discussed below.

Clarification of State Role in Determination of Essential Air Service (EAS) -

The CAB has indicated that their interpretation of the law gives the Board final say in the determination of EAS levels. The interpretation is probably based on the language of Section 419(a)(2)(A) and (B), which states that ". . .the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation for such point." Section 419(a)(2)(C) adds "The Board shall periodically review the determination of what is essential air transportation to each eligible point, and may, based upon such review and consultations with any interested community and the State agency of the State in which such community is located, make appropriate adjustments as to what is essential air transportation to such point."

The above-noted sections clearly indicate that State and community agreement with Board determination of essential air services are not required. The language, however, applies to all states except Alaska. Section 419(f)(2) contains the following specific reference to EAS points within Alaska.

With respect to air transportation to any point in Alaska, essential air transportation shall not be specified at a level of service less than that which existed for such point during calendar year 1976, or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Board and the State agency of the State of Alaska, after consultation with the community affected.

Section 419(f)(2) makes it clear that no downward adjustment of Alaskan essential air service levels can be made without the concurrence of the designated State agency.

Recommendation - It is recommended that the Governor inform the CAB that the Air Service Task Force has been designated as the agency charged with responsibility for entering into all agreements with the CAB on essential air service levels in Alaska and that no changes will be allowed without the concurrence of the Task Force.

Review of Essential Air Service Levels - In his letter of July 27, 1982 to the chairman of the CAB, the Governor stated that, considering the magnitude of the transition from Section 406 to Section 419 and the lack of information on air carrier intentions and subsidy requirements, adjustments to service levels or number of EAS points was premature and might be more appropriate once the market has some time to stabilize. This course of action directly conflicts with the approach taken by the CAB in January of 1982. At that time, the CAB sent questionnaires to each of the 222 EAS points in Alaska. The objective was to review EAS levels for each community.

Review and revision of EAS levels will probably be a compromise between these two alternatives, with fewer than 60 points up for review prior to acceptance of service proposals by the CAB. By October 1, the CAB expects to allow Wien and Alaska Airlines to terminate service to points where other carriers meet the current EAS requirements. This does not mean that Alaska and Wien must terminate service to those points, it means only that they may leave the market if they wish to do so. They may bid to provide service under Section 419, but it is unlikely that EAS levels will be revised before the CAB requests proposals. Because the EAS levels of these markets are currently met by unsubsidized carriers competing with Wien, Alaska Airlines, or their subcontractors, it is unlikely that service will be subsidized. Of the 222 EAS points in Alaska, 183 currently receive subsidized passenger service. Of these 183 communities, 52 are served by carriers (other than the Section 406 operator) which meet the EAS criteria and 88 have no scheduled air service except as provided by the 406 operator.²

A request for proposals for unsubsidized service -- to be released by the CAB before October -- is expected to draw bids for unsubsidized service from many carriers that are close to meeting EAS criteria for the communities they serve. According to the CAB, 43 communities are served by two or more air carriers, but the service provided by the non-406 carriers does not meet EAS criteria. In addition, many of the subcontractors have indicated a willingness to continue service after the termination of the Section 406 system. Alaska Airlines stated that, with few exceptions, their subcontractors had indicated that they were "fully prepared to undertake such an obligation at no cost to the Board under Section 419 assuming the present levels of service mail compensation are left intact."³

Although there is no way of knowing exactly how many points will require subsidy until carriers submit proposals for unsubsidized service, it appears that the number will be smaller than 60. Only these subsidy-eligible communities will require review of EAS levels prior to accepting service proposals.

The State's role in the review process -- in the near future for subsidized points and in the more distant future for unsubsidized points -- will be active if the intent of the law is followed. A report prepared for the State by TRA/Farr contains a lengthy discussion of alternative criteria for determining eligibility for designation of communities as EAS points.⁴

² The source of these figures is the CAB, which warned that service not listed in the Airline Guide is excluded from their computations.

³ Notice of Suspension/Termination of Service, filed by Alaska Airlines with the CAB on July 2, 1982.

⁴ "Air Service in Alaska: Alternatives," prepared for the Office of the Governor, June, 1981 by TRA/Farr.

Recommendation - It is recommended that the Task Force examine existing criteria to determine if alternatives should be explored. Whether or not an alternative set of rules is adopted, the primary role of the State will be to ensure that communities have sufficient information and ample opportunity to contribute to decisions that affect them.

Selection of Air Carriers - Selection criteria can play a major part in determining which airlines serve which communities. For example, if jet service were required, the number of service proposals submitted to the CAB might be lower than the number received in a situation where type and capacity of aircraft were unspecified.

In their notice of termination of service, Alaska Airlines states that "the Board may not reduce the level of essential air service in terms of aircraft frequency, type, capacity and hub points served without the concurrence of the State of Alaska." They attribute the directive to Section 419(f)(2) of the Federal Aviation Act. It is not clear that Section 419(f)(2) was intended to be so specific, but the degree of specificity is not the real issue here.

Recommendation - It is recommended that the Task Force work with the CAB to develop carrier selection criteria that not only assure selection of fit, willing and able carriers, but also reflect the concerns of the communities served. A subtle but important distinction could be maintained; the Task Force could actively participate in developing selection criteria -- including number of seats, engine type and number, and other points served -- but not be involved in the selection of particular carriers. As with determination of EAS levels, the primary role of the State should be to solicit community input and ensure that community concerns are considered by the CAB.

Joint Fares - Joint fares allow passengers with a destination that requires use of more than one airline to fly at a cost lower than the sum of fares to individual points. The portion of the Federal Aviation Act that states that it is the duty of carriers to establish reasonable interstate joint fare agreements is no longer in effect after January 1, 1983.

There is a good possibility that this subject will be a "non-issue." The repeal of CAB authority does not preclude carriers from entering or retaining joint fare agreements, and it may not affect travel within the state. In addition, it is questionable whether the State can legally influence the outcome under any circumstances. There is also some discussion of Congressional action to reinstate federal authority over joint fare agreements.

Postal Service Subsidies - Alaskan air carriers currently receive about \$32 million per year for delivery of mail. Postal subsidies can be the source of the majority of revenue for air carriers in Alaska and may often be the crucial factor in determination of subsidy requirements under Section 419. The Deregulation Act transfers authority for determining mail subsidy rates from the CAB to the Postal Service in 1985. Although rate determination is an important function, it is a less critical issue than the selection of mail carriers.

There is currently no mechanism for coordinating the selection of EAS passenger carriers -- a function performed by the CAB -- with the Postal Service's selection of mail carriers. The lack of coordination has not been a problem in the past because the carriers offering passenger service under Section 406 also handled much of the mail. The EAS selection process allows all carriers, not just those with certificates issued under Section 401, to submit passenger service proposals. This selection process may be inconsistent with the Postal Service practice of contracting only with certificated carriers in markets where they exist. Carriers without the financial stability offered by postal contracts may have difficulty being designated as the EAS carrier.

A simple solution might be to guarantee a percentage of mail to EAS designees while dropping the practice of favoritism toward certificated carriers. Although there is some indication that the Postal Service may end its preferential treatment of certificated carriers, they have not indicated a willingness to guarantee postal contracts.

As Riley Snell, director of planning and programming for the central region of DOT/PF stated in his July 28 memorandum to the State Aviation System Plan Policy Committee, the postal service issue is between two federal agencies -- the CAB and the Postal Service -- and is perhaps best left at that level. The problems have been recognized to some degree in Washington, D.C. and a task force of CAB and Postal Service personnel is charged with identifying solutions.

Recommendation - It is recommended that the Air Service Task Force recognize the extreme importance of mail subsidies to the Section 419 process and be prepared to assist in identifying solutions if requested to do so. The Task Force should be prepared to ensure that any proposed solutions meet the needs of communities involved.

Institutional Alternatives - As noted by Riley Snell in his memorandum of July 28, there are too many variables to responsibly recommend a particular course of action for the State to adopt when the EAS program is scheduled to end in 1988.

Recommendation - It is recommended that one of the responsibilities of the Air Service Task Force be to monitor the program and all its variables so that the State's perspective of options can be modified as program changes occur.

The Task Force should focus attention on the near future. It may be desirable to approach the CAB with a plan to expand its Alaska Field Office to include subsidy and rate-setting personnel. This may assist CAB personnel to become familiar with the specific problems of rural air service in

Alaska. The Task Force may also wish to initiate some sort of public forum. The forum could provide an opportunity to add new EAS points as well as ensuring that community concerns are voiced and passed along to the CAB.

Summary

The slow demise of the Civil Aeronautics Board has left regulatory gaps that have been slow to fill. The transition from subsidized routes to subsidized points has been characterized by confusion over effective dates, dollar amounts and availability, and responsibilities and authority of the various players. The Governor has stopped the game of musical chairs by assigning responsibility for rural air service issues to an Air Service Task Force. We recommend that the Governor inform the CAB that the Task Force is the designated representative of the State and that -- by authority of Section 419(f)(2) -- changes in essential air service levels may be made only with the concurrence of the Task Force.

The primary role of the Task Force should be as advocate of community concerns. A public forum may work well in this respect. Other duties the Task Force may wish to perform include study of alternative criteria for determining EAS points and levels of service, participation in development of carrier selection criteria and/or participation in carrier selection, and close monitoring of -- and perhaps participation in -- developments in postal service contracts, joint fares, and other changes that will affect air service in Alaska. Closely monitoring all aspects of air service will provide a broad choice of policy options and aid the State in choosing options that are best for the State as well as for each community involved.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

May 16, 1984

MEMORANDUM

TO: Representative Bette Cato

FROM: David Teal *Teal*
Legislative Analyst

RE: Deregulation of Air Carriers in Alaska
Research Request 84-109

Rhonda Cargill of your staff provided this agency with a list of questions concerning the impact of deregulation of air carriers in Alaska. As you know, air carriers continue to be regulated by the Civil Aeronautics Board (CAB). However, the regulatory authority of the agency has diminished and the agency is scheduled for demise in 1988. The responses to your questions compare the present regulatory environment (under section 419 of the Federal Aviation Act) to the pre-1982 environment under section 406 of the Act.

The attached Policy Analysis Paper prepared by the Office of the Governor describes the transition to the "new rules" of section 419 of the Federal Aviation Act of 1958 from the regulatory system established under section 406 of the act. Because the policy paper is concise, I have made no attempt to summarize the transition process and will turn directly to the questions presented to the agency. Answers are provided in varying degree of detail, depending upon the availability of information. If more complete responses are required, I will be happy to spend additional time on this request.

#1: How does current air service compare to service before deregulation?

According to Dick Steinman of the CAB, the type of aircraft serving communities in Alaska has changed very little since deregulation. Before 1982, large air carriers contracted with smaller carriers to provide air service to small communities in Alaska. Upon deregulation, most of these smaller carriers obtained 401 certificates of their own and continued to serve the communities they had been serving.¹

¹A 401 certificate refers to section 401 of the Federal Aviation Act. A 401 certificate allows the carrier to deliver mail and to set its own service schedule.

Representative Cato
May 16, 1984
Page Two

Mr. Steinman also reported that the frequency of service has improved in many cases. He could provide no information on fares. If there are particular communities of interest, I can obtain specific information from the air carriers. General information on many Alaska communities is provided in "Air Service in Alaska", which is attached to this memorandum.²

#2: Who pays and who obtains subsidies for air service?

The federal government pays the full amount of subsidy associated with providing air service to communities which have subsidized service. The payments were made to air carriers under section 406 and continue to go to carriers under the new rules of section 419. The State provided no subsidy to either air carriers or communities prior to deregulation and provides no subsidy now.

Under section 406, over 180 communities in Alaska received subsidized air service at a total annual cost of about \$10 million per year. The annual subsidy for air service to the 48 communities served under section 419 is about \$6 million. The criteria for subsidy under sections 406 and 419 are described in the attached copy of "Air Service in Alaska." The points served under the 406 program are listed in Exhibit II-4 of that report.

#3: What contingency plans exist?

Under section 419, air carriers must give notice of their intention to halt service to a community. If no replacement carrier can be found, the original carrier can be forced to continue service to a community eligible for essential air service. However, losses sustained in providing essential air service can be recouped through section 419 payments. If a replacement carrier can be found that will provide better service for the same cost or the same level of service at a lower cost, the replacement can be hired to serve the community.

#4: How important is mail service and what will happen to mail contract?

Mail delivery is crucial to the survival of many carriers in Alaska. According to Dick Steinman, revenues from mail comprise 40 to 70 percent of the total revenue of many air carriers in Alaska. In the 48 contiguous states, mail revenues are generally less than three percent of total revenue.

²"Air Service in Alaska," prepared by TRA/Farr for the Division of Planning and Policy Development, Office of the Governor, October, 1982.

Representative Cato
May 16, 1984
Page Three

Deregulation has greatly increased the level of competition for mail. Prior to 1982, large carriers were responsible for mail delivery from major distribution centers to each community. These carriers generally contracted with smaller carriers for actual delivery of the mail. Under deregulation, any carrier which obtains a certificate under section 401 is eligible to carry mail. Smaller carriers are often eager to expand their service to other communities. The increase in the number of carriers to a given community spreads the mail among more carriers, which tends to erode the financial stability of some carriers.

The complexities of integrating mail and passenger service are discussed in "Air Service in Alaska" and in the Governor's policy paper. The Post Office will make all decisions related to mail service after January 1, 1985. Information on their plans is expected to be released before June, but is not yet available. Dick Steinman of the CAB would have the most up-to-date information on this topic. His phone number is (907) 271-5146.

#5: How do travel costs between communities compare with costs outside Alaska?

Because fares are no longer regulated by the CAB, information on travel costs must be obtained directly from the air carriers. The attached memorandum shows that fares from Alaska to Seattle are comparable to fares for travel between some cities outside Alaska.³ Travel between small communities in Alaska can be more costly than travel to points outside Alaska. Higher fuel and insurance costs as well as the lack of competition from alternate means of travel affect travel costs in Alaska. In addition, many Alaska markets are very small; it is unlikely that comparable communities outside Alaska have airports. The small market size results in higher costs.

#6: What costs are imposed by government and what impact do these costs have on fares?

The federal government imposes an eight percent tax on the price of all scheduled flights. In addition, federal and local taxes on fuel raise the operating costs of air carriers. Landing fees and lease payments also increase operating costs, but the costs--and their impact on fares--vary from carrier to carrier. I have not attempted to gather information on individual carriers and Dick Steinman had no figures for carriers as a group.

³Research Request 83-152, Airline Fares in Alaska, May 12, 1983.

Representative Cato
May 16, 1984
Page Four

#7: To what extent are discount fares available?

According to Dick Steinman, few (if any) of the small Alaska air carriers offer discounts. The major carriers operating between large population centers do offer "supersaver" tickets if the traveler meets certain qualifications.

#8: How many communities depend on air access?

About one-third of the 300 communities in Alaska are accessible by road. These communities are located in the area from the Kenai Peninsula north to Fairbanks and south along the Alaska Highway. Air service is the primary means of access for several of these communities. Water access is important to many communities in Southeast and Western Alaska, but air service is often the primary means of passenger travel for many of these communities.

#9: What is the per capita disposable income in Alaska?

According to the May 7, 1984 issue of U.S. News and World Report, Alaska's per capita income was \$16,820 in 1983. The article did not specify whether this figure was disposable income or gross income. Per capita income varies widely between communities; urban dwellers tend to have much higher cash incomes than those who live in rural areas, especially areas where many residents have limited participation in a cash economy.

#10: Has deregulation resulted in many bankruptcies?

According to Dick Steinman, three Alaska air carriers have declared bankruptcy since deregulation. However, Mr. Steinman said that deregulation was not directly responsible for the failures; in all cases, the carriers had financial problems before deregulation.

#11: Has deregulation affected safety margins?

Dick Steinman said that an increase in the number of carriers with 401 certificates has put pressure on surveillance operations but said that safety has not decreased under deregulation.

Representative Cato
May 16, 1984
Page Five

#12: What about "skimming the summer cream"?

Skimming refers to carriers from other regions that serve a market only during the busy summer season and abandon the market during the lean winter months. Although the skimming argument was used by carriers that opposed deregulation, skimming has not been a problem under deregulation. It would be possible for a carrier to provide scheduled air service to some communities during the summer and then abandon the route in the winter. However, all small scheduled carriers operating in Alaska are Alaska-based operators.

A scheduled air carrier can be forced to continue to serve a community if it is the only carrier which serves the community. This prevents skimming in those communities served by only one carrier, but it does not prevent it in some of the larger markets. Dick Steinman attributes the lack of skimming to the different treatment of scheduled and non-scheduled carriers. The Alaska Transportation Commission regulates non-scheduled carriers and has effectively prevented skimming by charter operators.

#13: Are communities happy with deregulation?

Dick Steinman said that communities have had very few complaints about air service under deregulation.

#14: What are the projected long-run effects of deregulation?

According to Dick Steinman, many air carriers in Alaska are operating on very thin profit margins. He expects to see a wave of bankruptcies and mergers similar to the events after World War II. He expects to see a decline in the number of carriers, but said that service will not decline significantly.

* * *

I hope this information is useful. If you require additional detail or have further questions, please contact the agency.

DT

Attachments

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

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

Date: 18 February 1985
To: All Members of the House Transportation Committee
From: Representative Bette Cato, Chairman *BC*
Re: CS for HJR 16 (TRSP)

The changes made in HJR 16 were done in response to a suggestion by Mark Wittow in Washington, D.C. Due to the fact that President Reagan has submitted his budget to Congress, we needed to re-phrase the language of our resolution. The following is a comparison between HJR 16 and the CS for HJR 16 (TRSP).

A COMPARISON OF THE DIFFERENCES BETWEEN

HJR 16 AND THE CS FOR THE HJR 16

* * * * *

HJR 16

CS for HJR 16 (TRSP)

° Lines 9 & 10:

WHEREAS the Department of Transportation is considering eliminating the Essential Air Service program from the next fiscal year budget; and

° Lines 9 & 10:

WHEREAS the President of the United States has proposed a budget for fiscal year 1986 that would eliminate the Essential Air Service program; and

° Lines 16-18:

BE IT RESOLVED by the Alaska State Legislature that the U.S. Department of Transportation is respectfully requested to adhere to the scheduled 1988 timetable for elimination of the Essential Air Service program.

° Lines 19-21:

BE IT RESOLVED by the Alaska State Legislature that Congress fully fund the Essential Air Service program and that the U.S. Department of Transportation adhere to the scheduled 1988 timetable for elimination of the program.

° Lines 12 & 13:

WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504) Congress provided that the program would continue until 1988; and

° Lines 23-26:

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; and the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. "Tip" O'Neill, Speaker of the U.S. House of Representatives;

Original sponsors: Cato, Thompson,
Adams, et al

IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to essential air service.

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

WHEREAS Alaskan air carriers are recipients of federal funding under the U.S. Department of Transportation Essential Air Service program; and

WHEREAS the President of the United States has proposed a budget for fiscal year 1986 that would eliminate the Essential Air Service program; and

WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504) Congress provided that the program would continue until 1988; and

WHEREAS Alaska has 38 communities that would be adversely affected by elimination of the funding; and

WHEREAS Alaskan air operators have been developing free market alternatives consistent with the deregulation of air transportation and the scheduled termination of the subsidy in 1988;

BE IT RESOLVED by the Alaska State Legislature that Congress fully fund the Essential Air Service program and that the U.S. Department of Transportation adhere to the scheduled 1988 timetable for elimination of the program.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. "Tip" O'Neill, Speaker of the U.S. House of Representatives; the Honorable Elizabeth Dole, Secretary of Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska

delegation in Congress.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

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

M E M O R A N D U M

Date: 18 February 1985
To: Mike Ford, Legal Services
From: Rhonda Cargill, Professional Assistant
The House Transportation Committee *Rhonda*
Re: HJR 16 (Draft #0566)

Dear Mike:

Please draft the following changes for a CS for HJR 16(TRSP):

- Line 8; add after "the": United States.
- Line 9; add after "the": President of the United States proposed budget for fiscal year 1986 would eliminate.
- Line 9; delete after "the": [DEPARTMENT OF TRANSPORTATION IS CONSIDERING ELIMINATING].
- Line 10; delete after "program": [FROM THE NEXT FISCAL YEAR BUDGET].
- Lines 16 & 17; add after "that": Congress fully fund the Essential Air Service Program and that the U.S. Department of Transportation.
- Lines 16 & 17; delete after "that": [THE U.S. DEPARTMENT OF TRANSPORTATION IS RESPECTFULLY REQUESTED TO].
- Line 18; delete after "the": [ESSENTIAL AIR SERVICE].
- Add another WHEREAS which says something to the effect that--
WHEREAS the Federal law provides for the continuation of the program until 1988;
- Add to the list on line 19: President Reagan, Senator George Bush, President of the Senate, and Tip O'Neil, Speaker of the House.

The above language was suggested by Mark Wittow in Washington, D.C. since the President has already submitted his budget to Congress and it does eliminate the funding for this program. If you have any questions, please call me at 465-4858.

One last thing, Representative Cato has scheduled this resolution for tomorrow, Tuesday, February 19 at 7:00 a.m.

Thanks so much for your help.

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

DATE: 19 FEBRUARY 1985
TO: MIKE FORD, LEGAL SERVICES
FROM: Rhonda Cargill, Professional Assistant *Rhonda*
RE: CS HJR 16(TRSP)

Please give us a final on CS HJR 16(TRSP) with the following corrections:

Line 8: add after "the" U.S.

Lines 24 and 25 please list after the President of the United States; and the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; (as we discussed on the telephone the other day).

Thanks.

Original sponsors: Cato, Thompson,
Adams, et al

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 Relating to essential air service.

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

7 WHEREAS Alaskan air carriers are recipients of federal funding under
8 the ^{U.S.} Department of Transportation Essential Air Service program; and

9 WHEREAS the President of the United States has proposed a budget for
10 fiscal year 1986 that would eliminate the Essential Air Service program;
11 and

12 WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504)
13 Congress provided that the program would continue until 1988; and

14 WHEREAS Alaska has 38 communities that would be adversely affected by
15 elimination of the funding; and

16 WHEREAS Alaskan air operators have been developing free market alter-
17 natives consistent with the deregulation of air transportation and the
18 scheduled termination of the subsidy in 1988;

19 BE IT RESOLVED by the Alaska State Legislature that Congress fully
20 fund the Essential Air Service program and that the U.S. Department of
21 Transportation adhere to the scheduled 1988 timetable for elimination of
22 the program.

23 COPIES of this resolution shall be sent to the Honorable Ronald
24 Reagan, President of the United States; (and President of the U.S. Senate);
25 the Honorable George Bush, Vice-President of the United States; the Honor-
26 able Thomas P. "Tip" O'Neill, Speaker of the U.S. House of Representatives;
27 the Honorable Elizabeth Dole, Secretary of Transportation; and to the
28 Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and
29 the Honorable Don Young, U.S. Representative, members of the Alaska

SR 3

SENATE RESOLUTION NO. 3
(Relating to establishment of a sister
state relationship with Taiwan).

Senate Resolve No. 2

HCSSJR 14(Res)

A message dated March 27, 1985, was read stating the Governor has signed the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE COMMITTEE SUBSTITUTE FOR SENATE
JOINT RESOLUTION NO. 14 (Resources)
(Urging the United States Fish and
Wildlife Service to postpone the
proposed cattle slaughter on Simeonof
Island).

Legislative Resolve No. 7

SCS CSHJR 16(Trsp)

A message dated March 27, 1985, was read stating the Governor has signed the following resolution and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR HOUSE JOINT
RESOLUTION NO. 16 (Transportation)
(Relating to essential air service).

Legislative Resolve No. 8

SCSHB 77(L&C)

A message dated March 27, 1985, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE COMMITTEE SUBSTITUTE FOR HOUSE
BILL NO. 77 (Labor & Commerce)
(Relating to the capital funds required
of foreign and domestic insurers).

Chapter 5, SLA 1985

MESSAGES FROM THE SENATE

Messages were read stating the Senate has approved the following citations:

In Memoriam - Winnie Charlie
by Senators Sackett, Coghill and Ferguson
and Representatives Adams and Wallis

Honoring - Hollis Henrichs
by Senators Rodey, Kerttula, V. Fischer,
DeVries, Halford and Eliason and
Representative Cato

which were referred to the Rules Committee for placement on the calendar; and

Honoring - Barbara Staley

Honoring - The Alaska All Stars Hockey Team

which were referred to the Chief Clerk for enrollment.

CSHCR 11(HESS)

A message dated March 28, 1985, was read stating the Senate has passed:

COMMITTEE SUBSTITUTE FOR HOUSE
CONCURRENT RESOLUTION NO. 11 (HESS)
(relating to the University of Alaska
Foundation)

CSHCR 11(HESS) was referred to the Chief Clerk for enrollment.

Messages were read stating the Senate has passed the following and they are transmitted for consideration:

FIRST READING AND REFERENCE OF SENATE RESOLUTIONSSJR 20

SENATE JOINT RESOLUTION NO. 20 by Coghill:

Relating to federal funding for
conservation programs.

was read the first time and referred to the Resources Committee.

SB 81

The Rules Committee considered SENATE BILL NO. 81 (definition of veteran for purposes of veterans' employment preference rights) and recommended calendar March 20. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Bennett, Faiks and Josephson.

SENATE BILL NO. 81 appears on the calendar.

SB 56

The Rules Committee considered SENATE BILL NO. 56 (amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; efd) and recommended calendar March 21. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Bennett, Faiks and Josephson.

SENATE BILL NO. 56 will appear on the March 21 calendar.

HJR 16

The Rules Committee considered CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am (essential air service) and recommended calendar March 21. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Faiks, Bennett and Josephson.

CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am will appear on the March 21 calendar.

INTRODUCTION AND REFERENCE OF SENATE RESOLUTIONS

SCR 16

SENATE CONCURRENT RESOLUTION NO. 16 by Senator Coghill,

Relating to a proposed state lease-purchase project in Anchorage and to other pending state capital projects,

was read the first time and referred to the State Affairs Committee and the Finance Committee.

INTRODUCTION AND REFERENCE OF SENATE BILLS

SB 243

SENATE BILL NO. 243 by the Health, Education and Social Services Committee, entitled:

"An Act relating to the protection of children."

was read the first time and referred to the Health, Education and Social Services Committee and the Judiciary Committee.

CONSIDERATION OF THE CALENDAR

SECOND READING OF SENATE BILLS

SB 29

SENATE BILL NO. 29 (domestic violence) was read the second time.

Senator Rodey moved and asked unanimous consent for the adoption of the Judiciary Committee Substitute offered on page 529. Without objection, CS FOR SENATE BILL NO. 29 (JUD) was adopted.

CS FOR SENATE BILL NO. 29 (JUD) was read the second time.

Senator Halford offered Amendment No. 1:

Page 1, line 6 : after "violence" insert "and domestic sexual offenses"

Page 1, following line 7: Insert new section to read:

"*Section 1. AS 11.41 is amended by adding a new section to read:

Sec. 11.41.443. SPOUSAL RELATIONSHIP NO DEFENSE. In a prosecution under AS 11.41.410 or 11.41.420, it is not a defense that the victim was, at the time of the alleged offense, the legal spouse of the defendant.

*Sec. 2. AS 11.41.445(a) is amended to read:

(a) In a prosecution under AS 11.41.434 - 11.41.440 AS 11.41.410 - 11.41.440 it is an affirmative defense that, at the time of the alleged offense, the victim was the legal spouse of the defendant unless the offense was committed without the consent of the victim

CERTIFICATION OF THE JOURNAL

Representative Clocksin moved and asked unanimous consent that the journal for the 66th and 67th days and House Journal Supplement No. 32 be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE SENATE

Messages were read stating the Senate has approved the following citations:

Honoring - Ralph R. Stefano

Honoring - Libby Riddles - 1985 Iditarod
Sled Dog Race Winner

Honoring - Dillingham Boys Basketball
Team

which were referred to the Chief Clerk for enrollment; and

Honoring - Beverly Chapman
by Senators DeVries and Kerttula and
Representative Cato

Honoring - Ruth Briggs
by Senators Kelly, Halford,
Sturgulewski, V. Fischer, Rodey and Abood

which were referred to the Rules Committee for placement on the calendar.

CSHJR 16 (Trsp)am

A message dated March 21, 1985, was read stating the Senate has passed COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation) amended (relating to essential air service) with the following amendment:

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
FOR HOUSE JOINT RESOLUTION NO. 16 (Trsp)

and returning it for consideration.

The Speaker stated the resolution would be taken up under Unfinished Business.

Messages were read stating the Senate has passed the following and they are transmitted for consideration:

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

FOURTEENTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Friday

March 22, 1985

Sixty-eighth Day

Pursuant to adjournment, the House was called to order by Speaker Grussendorf at 10:05 a.m.

Roll call showed 38 members present. Representatives Pearce and Pettyjohn had been previously excused from a call of the House today.

The invocation was offered by the Chaplain, Pastor Jon Paden of the Church of Christ. Representative Szymanski moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it appears below:

"Dear God, Life is so transient. We really do not know whether all of us will be here next time. There are moments in which we are almost overwhelmed with the sense that life is but a vapor which appears for awhile and then vanishes.

We ask this grace of You; that the life we live this day and the decisions we make today will reflect our desire to make a better life for fellow Alaskans, and to make the heritage we leave more than a short-lived vapor.

We thank You for today's opportunities.

I come to You in the name of Jesus, the Lord of Life. Amen."

Representative Adams moved and asked unanimous consent that the citation Honoring - The Alaska Ali Stars Hockey Team be taken up as a Special Order of business at this time. There being no objection, it was so ordered.

SPECIAL ORDERS

Representative Adams moved and asked unanimous consent that the House approve the above citation. There being no objection, it was so ordered and the citation was referred to the Chief Clerk for transmittal to the Senate.

UNFINISHED BUSINESS

CSHJR 16(Trsp)am

Representative Clocksin moved and asked unanimous consent that the House concur in the Senate amendment to CSHJR 16 (Trsp) am, thus adopting SCS CSHJR 16(Trsp) (page 658) and asked that the members vote yes.

The question being: "Shall the House concur in the Senate amendment to CSHJR 16(Trsp)am, thus adopting SCS CSHJR 16(Trsp)?" The roll was taken with the following result:

SCS CSHJR16(TRSP) CONCUR

Yeas:	32	Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Martin, Miller, M.M., Navarre, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Szymanski, Thompson, Uehling, Wallis
Nays:	1	Marrou
Excused:	2	Pearce, Pettyjohn
Absent:	5	Duncan, Miller, M.W., Shultz, Sund, Taylor

And so, the House concurred, thus adopting:

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR HOUSE JOINT
RESOLUTION NO. 16 (Transportation)
(relating to essential air service)

SCS CSHJR 16(Trsp) was referred to the Chief Clerk for enrollment.

UNFINISHED BUSINESS

Representative Clocksin moved and asked unanimous consent that the following members be excused from a Call of the House as noted:

Representative Frank, from 5:00 p.m., March 22, through plane time, March 25, 1985

Representative Collins, after session, March 22, through plane time, March 26, 1985.

Representative Pourchot, after session, March 27, through plane time, April 3, 1985.

Representative Boucher, after session, April 3, through plane time, April 8, 1985.

There being no objection, it was so ordered.

HB 128

Representative Taylor withdraw his name as a co-sponsor on HOUSE BILL NO. 128 (mental health trust lands; effective date).

HB 172

Representative Gruenberg added his name as a co-sponsor on HOUSE BILL NO. 172 (rights of blind, hearing impaired, disabled, and physically handicapped persons).

HB 294

Representatives Fuller and Rieger added their names as co-sponsors on HOUSE BILL NO. 294 (preferential hire of Aluskans; effective date).

HB 295

Representative Fuller added his name as a co-sponsor on HOUSE BILL NO. 295 (making a special appropriation to the Department of Labor for study of unemployment in Alaska and other issues related to Alaska hire; effective date).

March 21, 1985

SB 56 cont'd

The question to be reconsidered is: "Shall CS FOR SENATE BILL NO. 56 (FIN) (relating to a longevity bonus: efd) pass the Senate?" The roll was taken with the following result:

CCSB 56 FIN RECONSIDERATION

Yeas: 17 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Kelly,
Kerttula, Ray, Rodey,
Sturgulewski, Zharoff

Nays: 2 Josephson, Sackett

Absent: 1 Ziegler

and so, CS FOR SENATE BILL NO. 56 (FIN) passed the Senate on reconsideration with a Senate Letter of Intent.

Senator Halford moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 56 (FIN) was referred to the Secretary for engrossment.

SECOND READING OF HOUSE RESOLUTIONS

HJR 16

CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am (essential air service) was read the second time.

Senator Coghill moved and asked unanimous consent for the adoption of the Transportation Senate Committee Substitute offered on page 57E. Without objection, SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) was adopted.

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) was read the second time.

Senator Halford moved and asked unanimous consent that SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

March 21, 1985

HJR 16 cont'd

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) was read the third time.

The question being: "Shall SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) (essential air service) pass the Senate?" The roll was taken with the following result:

SCS CSHJR 16 TRSP 3RD

Yeas: 20 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Josephson,
Kelly, Kerttula, Ray, Rodey,
Sackett, Sturgulewski, Zharoff,
Ziegler

Nays: 0

and so, SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) passed the Senate and was referred to the Secretary for engrossment.

CITATIONS

Honoring Ruth Briggs
by Senators Kelly, Halford, Sturgulewski, Vic Fischer,
Rodey and Abood

Honoring Dillingham Boys Basketball Team
by Representative Herrmann
Senator Zharoff

Senator Halford moved and asked unanimous consent that the citation calendar be adopted. Without objection, the citations were adopted and referred to the Secretary for transmission.

UNFINISHED BUSINESS

SB 57

Senator Faiks, Co-Chairman, moved and asked unanimous consent that the Finance Committee referral be waived on SENATE BILL NO. 57 (preferential use of Alaska agricultural products). Without objection, it was so ordered.

March 21, 1985

SB 57 cont'd

SENATE BILL NO. 57 was referred to the Rules Committee.

SB 75

Senator Faiks, Co-Chairman, moved and asked unanimous consent that the Finance Committee referral be waived on SENATE BILL NO. 75 (suspension of the privilege to obtain a driver's license). Without objection, it was so ordered.

SENATE BILL NO. 75 was referred to the Rules Committee.

SB 172

Senator Faiks, Co-Chairman, moved and asked unanimous consent that the Finance Committee referral be waived on SENATE BILL NO. 172 (extending the termination date of the Council on Domestic Violence and Sexual Assault; efd). Without objection, it was so ordered.

SENATE BILL NO. 172 was referred to the Rules Committee.

SB 81

The reconsideration of SENATE BILL NO. 81 (definition of veteran for purposes of veterans' employment preference rights) was not taken up.

SENATE BILL NO. 81 was referred to the Secretary for engrossment.

ANNOUNCEMENTS

Announcements appear at the end of the Journal.

ENGROSSMENT

SB 56

CS FOR SENATE BILL NO. 56 (FIN) was engrossed, signed by the President and Secretary and transmitted with a Senate Letter of Intent to the House for consideration.

March 21, 1985

SB 56 cont'd

CS FOR SENATE BILL NO. 56 (FIN) was read the third time.

The question being: "Shall CS FOR SENATE BILL NO. 56 (FIN) (relating to a longevity bonus; efd) pass the Senate?" The roll was taken with the following result:

CSSB 56 FIN 3RD

Yeas: 18 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Kelly,
Kerttula, Ray, Rodey,
Sturgulewski, Zharoff, Ziegler

Nays: 2 Josephson, Sackett

and so, CS FOR SENATE BILL NO. 56 (FIN) passed the Senate.

Senator Halford moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

Senator Ray gave notice of reconsideration on CS FOR SENATE BILL NO. 56 (FIN).

Senator Ray moved and asked unanimous consent that the reconsideration on CS FOR SENATE BILL NO. 56 (FIN) (relating to a longevity bonus; efd) be taken up. Without objection, it was so ordered.

SENATE BILLS IN THIRD READING

CS FOR SENATE BILL NO. 56 (FIN) was before the Senate on reconsideration.

Senator Halford moved and asked unanimous consent for the adoption of the title change. Without objection, the title change was adopted.

Senator Halford moved and asked unanimous consent for the adoption of the State Affairs Committee Letter of Intent offered on page 168. Without objection, the Senate Letter of Intent was adopted.

March 21, 1985

605

SB 81

SENATE BILL NO. 81 was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

HJR 16

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) was engrossed, signed by the President and Secretary and returned to the House for consideration.

ENGROSSMENT & ENROLLMENT

SR 3

SENATE RESOLUTION NO. 3 was engrossed and enrolled, signed by the President and Secretary and the engrossed and enrolled copies transmitted to the Office of the Governor at 4:20 p.m., March 20, 1985.

ADJOURNMENT

Senator Halford moved and asked unanimous consent that the Senate adjourn until 11:00 a.m., March 22, 1985. Without objection, the Senate adjourned at 12:00 noon.

Peggy Mulligan
Secretary of the Senate

March 1985

Committee meetings in the Capitol
 Change in time or place

COMMUNITY AND REGIONAL AFFAIRS - BELTZ RM 211 - 3:30

Mar 21 SB 190 Exemptions, payments for surviving spouses
 SB 204 Contracts architect, engineering, surveying
 Ak Municipal League Clerks
 26 Ak Conference of Mayors

FINANCE - SENATE FINANCE - 8:30 a.m.

Mar 22 Anchorage Office Bldg cont'd
 SB 4 Correctional restitution centers
 SB 52 1985 Iditarod sled dog race approp
 SB 146 Salmon classics

HEALTH EDUCATION & SOCIAL SERVICES - BELTZ RM 211 - 1:30

Mar 21 SB 51 and SB 159 State aid for school construction
 SB 187 Adoption
 SB 192 Sick leave banks
 SB 217 Administrators negotiating unit
 26 SB 3 Hearsay evidence for certain sexual offenses:
 amend Rule 6(r), Rules of Criminal Procedure
 SB 8 Personal safety curriculum in public schools
 SB 21 Checks on employees in contact with children
 SB 86 Runaway and missing minors
 SB 243 Protection of children
 28 No meeting

JUDICIARY - BUTROVICH RM 205 - 1:30

Mar 21 HB 157 Revisor of statutes amendments recommendations
 SB 83 Limited Entry Act
 SB 84 Motor vehicle laws
 27 *Gov Conf Rm* Judicial Council, Joint with House

RESOURCES - BUTROVICH RM 205 - 1:30

Mar 22 SCR 4 Statewide trail system
 SB 11 Fisheries business tax

RULES - BELTZ RM 211 - 1:00

Mar 21 Calendar bills

STATE AFFAIRS - BUTROVICH RM 205 - 8:30 am

Mar 26 SB 211 Compensation for victims of certain crimes
 HB 14 Ak Territorial Guard death gratuity
 SB 92 Supplemental benefits system
 SB 225 State officers, employees not covered by
 collective bargaining
 28 SB 209 and SB 210 Ak State Fire Commission & approp
 SB 219 Special unit, investigate criminally exploited
 and missing children TELECONFERENCE TO ANCHORAGE

TRANSPORTATION - BUTROVICH RM 205 - 3:30

Mar 22 No meeting

SELECT COMMITTEE ON LEGISLATIVE ETHICS - HOUSE FINANCE - 3:00

Mar 21 Advisory opinions 2, 3 and 4

The following reports were received and are on file in the Chief Clerk's Office:

ALASKA PUBLIC DEFENDER AGENCY
ANNUAL REPORT FISCAL YEAR - 1984

ANNUAL REPORT 1984
ALASKA WOMEN'S COMMISSION

REPORTS OF STANDING COMMITTEES

HJR 16

The Transportation Committee has considered HOUSE JOINT RESOLUTION NO. 16 (relating to essential air service), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation) (same title) and reports it back as follows: Cato (Chairman), Shultz, Herrmann, Davis and Pignalberi recommend do pass; Marrou recommends do not pass; Furnace has no recommendation.

HJR 16 was referred to the Rules Committee for placement on the calendar.

SSHB 5

The Labor & Commerce Committee has considered SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 5 (establishing an asbestos health hazard abatement program; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 5 (Labor & Commerce):

"An Act establishing a program for the abatement of asbestos health hazards in public schools and the University of Alaska; providing for certification of asbestos workers; and providing for an effective date."

and reports it back as follows: Koponen, Boucher and Davis recommend do pass; Navarre (Chairman) has no recommendation; Hanley signed "Do not pass without amendments"; Pearce signed "Do not pass substitute". A new fiscal note was attached.

SSHB 5 was referred to the Finance Committee.

The fiscal note appears in House Journal Supplement No. 20.

HB 30

The State Affairs Committee has considered HOUSE BILL NO. 30 (relating to payment for purchases by the state; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 30 (State Affairs) (same title) and reports it back as follows: Navarre, M.M. Miller, Collins, Cato and Boucher recommend do pass; Hurley (Chairman) and Jenkins have no recommendation. A fiscal note was attached.

HB 30 was referred to the Finance Committee.

The fiscal note appears in House Journal Supplement No. 20.

HB 57

The Labor & Commerce Committee has considered HOUSE BILL NO. 57 (making special appropriations for an asbestos health hazard abatement program; effective date) and reports it back as follows: Koponen, Boucher and Davis recommend do pass; Navarre (Chairman), Hanley and Pearce have no recommendation.

HB 57 was referred to the Finance Committee.

HB 83

The Health, Education & Social Services Committee has considered HOUSE BILL NO. 83 (relating to employee benefits under the Public Employees' Retirement System and the Teachers' Retirement System; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 83 (HESS) (same title) and reports it back as follows: Koponen and Gruenberg (Co-Chairs), Taylor and Thompson recommend do pass; Hanley has no recommendation.

HB 83 was referred to the Finance Committee.

HB 96

The Health, Education & Social Services Committee has considered HOUSE BILL NO. 96 (relating to the applicability of the scholarship loan program to students attending more than one postsecondary educational institution; effective date) and reports it back as follows: Koponen and Gruenberg (Co-Chairs), Hurley, Taylor, Thompson and Hanley recommend do pass.

HB 96 was referred to the Rules Committee for placement on the calendar.

HJR 16 cont'd

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION
NO. 16 (TRSP)

Relating to essential air service

Legislative Resolve No. 8

HB 77

Message of March 27 was read, stating the Governor signed the following bill and transmitted the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SENATE CS FOR HOUSE BILL NO. 77 (L&C)

An Act relating to the capital funds required
of foreign and domestic insurers

Chapter 5, SLA 1985

MESSAGES FROM THE HOUSE

Message of March 27 was read, stating the House passed:

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HCR 13

HOUSE CONCURRENT RESOLUTION NO. 13 by Representatives Cato, Grussendorf, Phillips and Boucher,

Relating to the nineteenth annual Boys'
State at Camp Carroll,

was read the first time and referred to the State Affairs Committee.

HCR 14

HOUSE CONCURRENT RESOLUTION NO. 14 by Representatives Cato, Grussendorf, Phillips and Boucher,

Relating to the seventeenth annual Girls'
State at the Fairbanks University of
Alaska campus,

was read the first time and referred to the State Affairs Committee.

FIRST READING AND REFERENCE OF HOUSE BILLS

HB 80

CS FOR HOUSE BILL NO. 80 (L&C) by the Labor and Commerce Committee, entitled:

"An Act relating to insurance fees and licenses: and providing for an effective date."

was read the first time and referred to the Labor and Commerce Committee and the Finance Committee.

HB 198

HOUSE BILL NO. 198 am by Representative Goll, entitled:

"An Act relating to municipal assistance for certain municipalities organized under federal law; and providing for an effective date."

was read the first time and referred to the Community and Regional Affairs Committee and the Finance Committee.

STANDING COMMITTEE REPORTS

SB 11

The Resources Committee considered SENATE BILL NO. 11 (fisheries business tax) and recommended it be replaced with

CS FOR SENATE BILL NO. 11 (RES), entitled:

"An Act relating to the fisheries business tax; and providing for an effective date."

with a majority do pass. The report was signed by Senator Sturgulewski, Chairman and concurred in by Senators Coghill, Fahrenkamp and Zharoff. Senator Vic Fischer signed "no recommendation".

SENATE BILL NO. 11 was referred to the Finance Committee.

SB 35

The Resources Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 35 (creating the Nelchina Recreation Area) and recommended it be replaced with

CS FOR SPONSOR SUBSTITUTE FOR SENATE
BILL NO. 35 (RES)

Opinion

JUNEAU EMPIRE

WILLIAM S. MORRIS III
PUBLISHER

JEFFREY A. WILSON
GENERAL MANAGER

CARL SAMPSON
Managing Editor

THOMAS BLUMENSHINE
Production Manager

FRED HOWARD
Circulation Manager

ROBIN HERDMAN PAUL
Advertising Manager

DONNA GRUNOW
Office Manager

Seeking ways to save families



The Boston Globe
BOSTON — Daniel Patrick Moynihan came back to Harvard recently in search of common ground. The New York senator, the former Harvard professor, delivered three lectures on the American family, or to be more precise, on American families.

It was no coincidence that Moynihan's words came on the 20th anniversary of his famous — or in-

accordance with some coherent objective." Even in this inhospitable era, "We can act if we can agree...."

If we can agree for example, that government should not tax people into poverty then, Moynihan said, we can enlarge tax exemptions so that once again they are large enough to push families out of poverty. If we can agree that certain government programs do work, saving lives and saving money,

thing about making families strong, he inferred, but "...There are places to begin."

What I liked about the speeches was that he sounded less like a politician than like an archaeologist trying to salvage pieces of common ground. In the last two decades Americans have learned what we can't do to eliminate poverty or to empower families, but in the process many have lost the belief

Ellen Goodman

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P O BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

Write in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLAFIK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST GEORGE
ST PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM

file

TO: Representative Bette Cato

FROM: Representative Adelheid Herrmann

DATE: March 5, 1985

SUBJECT: Northern Air Cargo C-82 Boxcar Exemption

Attached please find a copy of letters recently sent to the Governor and the Alaska Congressional delegation concerning the efforts of Northern Air Cargo to obtain a C-82 Boxcar Exemption from the Federal Aviation Administration. I have also attached two other letters which concern this issue.

Briefly, Northern Air Cargo has been operating in rural Alaska for 28 years. Currently, they are trying to secure an exemption from the FAA to operate their C-82. The FAA has, so far, denied this request and the matter is being appealed.

As you may know there is overwhelming public support for Northern Air Cargo's request to the FAA. Essentially, the C-82 provides a medium-sized cargo delivery alternative for bush residents. Northern Air Cargo's safety record is well established and, quite frankly, the FAA's resistance to the exemption petition is somewhat mystifying. It is my understanding that there will be a meeting to address this issue between the Governor's office, Northern Air Cargo, and the FAA on March 11th in Washington D.C.

I hope that this matter can be resolved administratively within the FAA but wanted to let you know about the issue in case legislative action was necessary.

AH/m/ml
enclosures

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P. O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

White in Juneau
POUCH V
JUNEAU ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST GEORGE
ST PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

March 5, 1985

Governor Bill Sheffield
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

I have recently learned that Northern Air Cargo's petition for a C-82 Boxcar Exemption has been denied by the Federal Aviation Administration (FAA).

Northern Air Cargo has provided air cargo service to rural Alaska for nearly three decades. Over that time, they have established an excellent safety record covering nearly 30,000 hours of flight time. As you may know, a public hearing was held on this issue and that the overwhelming body of testimony supported the need for a continuation of Northern Air Cargo's service to rural areas.

It is my understanding that a meeting will be held on this subject on March 11th between the Governor's office, Northern Air Cargo, and the FAA.

I would like to encourage your continued support for Northern Air Cargo's effort to secure approval from the FAA to continue service.

Sincerely,

A handwritten signature in cursive script that reads "Adelheid Herrmann".

Adelheid Herrmann
Representative
District 26

AH/m/ml

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P.O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HE'DEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST GEORGE
ST PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

March 4, 1985

Honorable Ted Stevens
United States Senate
147 Russell Office Bldg.
Washington, D.C. 20510

Dear Senator Stevens:

I have recently learned that Northern Air Cargo's petition for a C-82 Boxcar Exemption has been denied by the Federal Aviation Administration (FAA).

Northern Air Cargo has provided air cargo service to rural Alaska for nearly three decades. Over that time, they have established an excellent safety record covering nearly 30,000 hours of flight time. As you may know, a public hearing was held on this issue and that the overwhelming body of testimony supported the need for a continuation of Northern Air Cargo's service to rural areas.

I wanted to bring this matter to your attention and encourage your support for Northern Air Cargo's effort to secure approval from the FAA to continue service.

Sincerely,

A handwritten signature in cursive script that reads "Adelheid Herrmann".

Adelheid Herrmann
Representative
District 26

AH/m/ml

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P O. BOX 63
NAKNEK, ALASKA 99633
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RESOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSVOPHTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

March 4, 1985

Honorable Frank H. Murkowski
United States Senate
317 Hart Bldg.
Washington, D.C. 20510

Dear Senator Murkowski:

I have recently learned that Northern Air Cargo's petition for a C-82 Boxcar Exemption has been denied by the Federal Aviation Administration (FAA).

Northern Air Cargo has provided air cargo service to rural Alaska for nearly three decades. Over that time, they have established an excellent safety record covering nearly 30,000 hours of flight time. As you may know, a public hearing was held on this issue and that the overwhelming body of testimony supported the need for a continuation of Northern Air Cargo's service to rural areas.

I wanted to bring this matter to your attention and encourage your support for Northern Air Cargo's effort to secure approval from the FAA to continue service.

Sincerely,

A handwritten signature in cursive script that reads "Adelheid Herrmann".

Adelheid Herrmann
Representative
District 26

AH/m/ml

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

P O BOX 63
NAKNEK, ALASKA 99833
(907) 246-4495

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4942, 465-4943



CO-CHAIRMAN
RE SOURCES COMMITTEE

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

ADAK
AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
EKUK
EKWOK
FALSE PASS
IGIUGIG
ILIAMNA
KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
PEDRO BAY
PILOT POINT
PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST GEORGE
ST PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

March 4, 1985

Honorable Donald E. Young
House of Representatives
2331 Rayburn House Office Bldg.
Washington, D.C. 20515

Dear Representative Young:

I have recently learned that Northern Air Cargo's petition for a C-82 Boxcar Exemption has been denied by the Federal Aviation Administration (FAA).

Northern Air Cargo has provided air cargo service to rural Alaska for nearly three decades. Over that time, they have established an excellent safety record covering nearly 30,000 hours of flight time. As you may know, a public hearing was held on this issue and that the overwhelming body of testimony supported the need for a continuation of Northern Air Cargo's service to rural areas.

I wanted to bring this matter to your attention and encourage your support for Northern Air Cargo's effort to secure approval from the FAA to continue service.

Sincerely,

A handwritten signature in cursive script that reads "Adelheid Herrmann".

Adelheid Herrmann
Representative
District 26

AH/m/ml

Briggs-Way Company

Fresh Natural Alaska Seafoods
Hand Packed in Glass
UGASHIK, ALASKA 99683

ROGER B. BRIGGS
EMORENE R. BRIGGS
LUCINDA R. BRIGGS
THERON C. BRIGGS (1931-1986)
TIRZALEE K. BRIGGS
ROLAND B. BRIGGS

February 5, 1985

Alaska Congressional Delegation
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
709 West 9th Avenue
Juneau, Alaska 99801

Dear Ted, Frank and Don,

We were dismayed to hear that Northern Air Cargo's effort to serve the transportation needs of Alaskan Bush Communities has been foiled again by exemption #770 Q which became effective December 1, 1984.

My husband and I have lived in Alaska for 35 years, 32 of those years we have lived in Bush Alaska and educated our children via correspondence. Over the years we have used the C-82s to haul in boats, tractors, D-2 Cat, fuel tanks, lumber and building materials to name a few items. Those trips would have been extremely expensive if we had been able to ship in only the large items and had not been able to fill out the loads with general cargo.

When my husband and I left the public hearing in Anchorage held August 25, 1984 we felt that all participants had clearly demonstrated to the FAA representatives the great need for freight and general cargo hauling in Alaska in the 12,000 pound category. The C-82 fills a need no other freight plane can fill economically.

Not a single person at the hearing testified that the C-82 was no longer needed. On the contrary, all testified that for certain size loads the C-82 filled a need in Bush Alaska no other cargo plane could fill.

It was pointed out many times that the C-82 was no competition to larger freight hauling planes but was needed when accumulated freight and general cargo was not sufficient to warrant the cost involved for a Hercules charter.

We felt that in view of the over whelming positive testimony there was no way the FAA could not grant the C-82 Boxcar Exemption. Apparently we were wrong.

It is difficult for many of us living in the Bush to see why the FAA continues to consider the C-82 as surplus to the needs of Alaskans everywhere.

We feel certain the decision cannot be because of safety as Northern Air Cargo's safety record is beyond reproach. In the hands of the Northern Air Cargo's pilots, the C-82s have an impeccable safety record.

So Good



In Glass

Page 2 letter from Randy Briggs, Ugashik, Alaska

It cannot be because no need has been demonstrated because every person who testified during the entire hearing proved there was indeed a great need and that need is continuing to grow.

Nor can it be because the planes are too old because there are planes older which are still being certified.

It has been said, "Man has two reasons for everything he does, a good sounding reason and a real reason." Since the reasons given aren't even good sounding reasons, we wonder what the real reasons are?

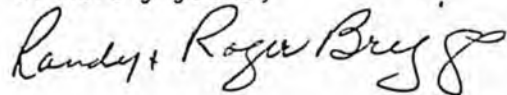
Can politics be one of the real reasons? If so, we feel it is time to put the need of Alaskan Pioneers as well as new Bush Pioneers ahead of politics.

We shall certainly appreciate anything you or your staff can do to see that Northern Air Cargo can resume full air cargo service to bush communities, not on a year to year basis, but for a period of several years at a time without unfair restrictions.

There is no way any business can continue to expend large sums of money to upgrade equipment, which, because of the whims of a few bureaucrats, may not be able to be used for profit a year hence.

We believe through your combined efforts, we shall again be seeing the Boxcars flying overhead serving Alaskans wherever needed.

Sincerely yours,

A handwritten signature in cursive script that reads "Randy + Roger Briggs". The signature is written in dark ink and is positioned above the typed names.

Randy and Roger Briggs

NORTHERN AIR CARGO, Inc

3900 W. International Airport Rd.
Anchorage, Alaska 99502
Phone (907) 243-3331

C-82 FLYING BOXCARS SINCE 1953
DC-6 CARGO AND TANKER AIRCRAFT

December 7, 1984

Mr. Bill Sheffield
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

Attached is a copy of our petition for reconsideration of the partial denial of our C-82 Boxcar Exemption. This petition is a repeat of Northern Air Cargo's continuing efforts to serve the transportation needs of the Alaska bush communities.

Northern Air Cargo more recently was operating under a temporary Exemption No. 770P granted May 18, 1984, issued as a result of a public hearing held April 25, 1984. This Exemption was to expire May 31, 1985, or until the F.A.A. had time to act upon our first reconsideration unless sooner superseded or rescinded.

On November 5, 1984, Exemption No. 770Q was received by me to become effective December 1, 1984. Exemption No. 770Q denies Northern Air Cargo authority to transport general cargo within Alaska and severely restricts the number of airports into which the C-82 is allowed to operate.

We understand the basic reservation that many at the Washington level may have for restricted category aircraft, but that you as an Alaskan surely can understand the valid basis behind and the ongoing current need for these aircraft to provide safe, dependable, and economic air service to bush Alaska.

Northern Air Cargo's two restricted C-82s have flown for years without incident under F.A.R. Part 121 - the highest level of safety - for more than 29,000 flight hours and in so doing have established the best safety record for any heavy aircraft in cargo operation within Alaska.

Continued to Page 2

Page 2

Continuation of such an operation can in no way contribute to the safety image. Excessive restrictions imposed by Exemption No. 770Q defeat the intended purpose to serve a well documented public need and impose an unwarrantable economic hardship upon the citizens of Alaska.

We have been recently working with the Office of Commercial Fisheries Development. The Northern Air Cargo C-82s have had many years involvement with the fishing industry. The Director, Mr. F. Gregory Baker, has been more than helpfu' and we would like him to continue coordinating our efforts.

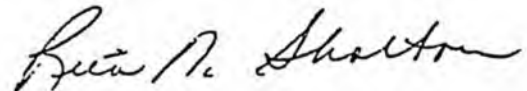
This issue requires immediate attention. We would appreciate your support in behalf of Northern Air Cargo so we can resume the air cargo service that we have provided to the bush communities these last 28 years.

Please do not hesitate to contact us if you have any questions with regard to this matter or if you would wish us to submit any additional materials.

Thank you for your time and consideration.

Sincerely,

NORTHERN AIR CARGO, INC.



Rita N. Sholton
President

Enc:

WORK ORDER REQUEST FORM

14-3508

KEYWORDS: UNEMPLOYMENT
air service

ASSIGNED TO Ford

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT Air service

REQUESTED FOR Rep. Cato BY Rhonda EXT. 4038

* DELIVER TO Rep. Cato TAKEN BY Ford

INSTRUCTIONS, EXPLANATIONS Draft resolution to protest deletion of essential air service from budget by O.H.D. See attached article.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

TO REQUESTER

APPROVED: BGB Director, Legal Services

REVIEWED _____

IN 02/04/88 DUE _____

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT

FINAL

I got nothing that I asked for,
but everything I had hoped for.

Almost despite myself,
my unspoken prayers were answered.

I am among all men, most richly blessed]

Father, be with this deliberative body
today, and help them to perceive and do
Your will.

We ask these things in the name of our
Lord.

Amen"

The presence of Senators Ferguson and Vic Fischer was noted.

Senator Halford moved and asked unanimous consent that the journals for the sixty-eighth, sixty-ninth and seventieth legislative days be approved as certified by the Secretary. Without objection, it was so ordered.

MESSAGES FROM THE HOUSE

HJR 16

Message of March 22 was read, stating the House concurred in the Senate amendment, thus passing:

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION
NO. 16 (TRSP)
(essential air service)

SB 101

Message of March 22 was read, stating the House passed and returned:

CS FOR SENATE BILL NO. 101 (JUD) am
(character investigation and fingerprinting
of applicants to the Alaska Bar Association;
and amending Rule 3, section 2 and Rule 5,
section 1(b) of the Rules of the Alaska Bar
Association)

CS FOR SENATE BILL NO. 101 (JUD) am was referred to the Secretary for enrollment.

Message of March 22 was read, stating the House passed:

SENATE JOURNAL

ALASKA STATE LEGISLATURE

FOURTEENTH LEGISLATURE · FIRST SESSION

JUNEAU, ALASKA

MONDAY

March 25, 1985

Seventy-first Day

Pursuant to adjournment, the Senate was called to order by President Bennett at 11:05 a.m.

The roll showed sixteen members present. Senators Ferguson, Vic Fischer, Josephson and Rodey were absent.

The prayer was offered by the Chaplain, Father Finn of the St. Paul Catholic Church. Senator Halford moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

"I asked God for strength,
that I might achieve...

I was made weak,
that I might learn humbly to obey,

I asked for health,
that I might do greater things...

I was given infirmity,
that I might do better things.

I asked for riches,
that I might be happy...

I was given poverty,
that I might be wise,

I asked for power,
that I might have the praise of men...

I was given weakness,
that I might feel the need of God.

I asked for all things,
that I might enjoy life...

I was given life,
that I might enjoy all things.

SENATE JOURNAL

ALASKA STATE LEGISLATURE
FOURTEENTH LEGISLATURE - FIRST SESSION

JUNEAU, ALASKA

TUESDAY

February 26, 1985

Forty-fourth Day

Pursuant to adjournment, the Senate was called to order by President Bennett at 11:05 a.m.

The roll showed seventeen members present. Senators Ray and Zharoff were excused from a call of the Senate. Senator Sackett was absent.

The prayer was offered by the Chaplain, Lieutenant Bradford Russell of the Salvation Army.

Senator Halford moved and asked unanimous consent that the journal for the forty-third legislative day and Senate and House Supplement No. 5 be approved as certified by the Secretary. Without objection, it was so ordered.

Senator Sackett requested that he be shown as present.

MESSAGES FROM THE HOUSE

Message of February 25 was read, stating the House passed:

FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HJR 16

CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am by the Transportation Committee,

Relating to essential air service,

was read the first time and referred to the Transportation Committee.

FIRST READING AND REFERENCE OF HOUSE BILLS

HB 157

CS FOR HOUSE BILL NO. 157 (JUD) am by the Judiciary Committee, entitled:

"An Act making corrective amendments to the Alaska Statutes as recommended by the revisor of statutes; and providing for an effective date."

was read the first time and referred to the Judiciary Committee.

COMMUNICATIONS

The Secretary announced receipt of:

POLICY CONFERENCE ON YOUNG CHILDREN, CONFERENCE SUMMARY, November 1984
received from Senator Josephson, Chairman, Health, Education and Social Services Committee, Thirteenth Alaska Legislature.

Senator Josephson moved and asked unanimous consent that the report and letter of transmittal be spread in a supplemental journal. Without objection, the report and letter appear in Supplement No. 17.

The summary is also on file in the Office of the Secretary of the Senate.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
INSURANCE REPORT, 1984
received in accordance with AS 21.06.110

ALASKA'S ENERGY PLAN 1985
received from Jack Roderick, Director of Energy,
Department of Commerce & Economic Development,
February 25, 1985 in accordance with AS 44.83.224

The reports are on file in the Office of the Secretary of the Senate.

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMEN'S BAY

Alaska State Legislature



House of Representatives

file

REPRESENTATIVE
DAVE THOMPSON
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2487
(907) 465-2498
P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(L)(907) 486-8116

MEMORANDUM

2/20/85

TO: Representative Bette Cato

FROM: Representative Dave Thompson *DUT*

SUBJECT: Essential Air Service

The following information on current and proposed Essential Air Service subsidies to Alaska air carriers and communities served is provided at your request.

The communities currently served with Essential Air Service subsidies, the air carriers providing that service and the amounts those air carriers are receiving, according to U.S. Dept. of Transp., Anchorage, are:

1. Southeast communities; Cordova, Gustavus, Petersburg, Wrangle, and Yakutat
Served by; Alaska Airlines
Subsidy; \$3,572,778

Southeast communities; Boswell Bay, Cape Yagataga, Chitna, and Icy Bay
Served by; Chitna Air
Subsidy; \$112,986
2. Kodiak communities; Akhiok, Amhok Bay, Karluk, Kitoi Bay, Larson Bay, Lazy Bay, Moser Bay, Old Harbor, Olga Bay, Ouzinkie, Parks, Port Bailey, Port Lions, Port Williams, Uganik, Terror Bay, West Point, and Zachar Bay
Served by; Sea Air
Subsidy; \$488,735
3. Aleutian Chain communities; Akutat, Atka, and St. George
Served by; Peninsula Airways
Subsidy; \$298,330

4. Chitina River Area; Chisana, McCarthy, and May Creek
Serviced by; Elias Air Taxi
Subsidy; \$56,333

Other communities being considered for service via Essential Air Service subsidies include:

1. Seward - approximate subsidy; \$50,000
2. Captovic- no proposals
3. Wiseman - approximate subsidy; \$11,000
4. Central and Circle - approximate subsidy; \$4,000
5. Cape Romanzoff and Cape Newenham - approximate subsidy;
\$173,000
6. Nome Area: Council - no proposals

Total essential air service subsidy available for the State of Alaska appears to be between \$4.5 and \$5 million dollars.

SB 167

The Labor and Commerce Committee considered SENATE BILL NO. 167 (dispensing opticians; efd) and recommended it be replaced with

CS FOR SENATE BILL NO. 167 (L&C), entitled:

"An Act relating to dispensing opticians and optometrists; and providing for an effective date."

with a majority do pass. The report was signed by Senator Zharoff, Chairman and concurred in by Senators Bennett, Eliason and Ray.

Senator Fahrenkamp, Chairman, moved and asked unanimous consent that the Health, Education and Social Services Committee referral on SENATE BILL NO. 167 be waived. Without objection, it was so ordered.

SENATE BILL NO. 167 was referred to the Finance Committee.

HJR 16

The Transportation Committee considered CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am (essential air service) and recommended it be replaced with

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION
NO. 16 (TRSP)

with a majority do pass. The report was signed by Senator Coghill, Chairman and concurred in by Senators Josephson, Abood and Paul Fischer. Senator Faiks signed "no recommendation".

CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) am was referred to the Rules Committee.

INTRODUCTION AND REFERENCE OF SENATE RESOLUTIONSSCR 15

SENATE CONCURRENT RESOLUTION NO. 15 by Senators Paul Fischer and DeVries,

Proposing an amendment to the Uniform Rules of the Alaska State Legislature to include the Pledge of Allegiance as part of the daily order of business,

was read the first time and referred to the Rules Committee.