

HJR

||

Box 362  
Nome, Alaska 99762-0362

February 16, 1987

FEB 24 1987

Representative Bette Cato  
Fifteenth Alaska State Legislature  
First Session, 1987  
Alaska State House of Representatives  
P. O. Box V  
Juneau, AK 99811

Dear Representative Cato:

This letter expresses my support for House Joint Resolution No. 11.

Current U. S. Postal Service mail distribution methods are encouraging all-cargo aircraft and all-cargo companies to provide infrequent flights into rural Alaskan communities. This practice reduces federal funding of the Alaskan multi-service air transportation system. Eventually, the practice will result in higher passenger fares, lower passenger service levels, and fewer jobs in rural Alaskan communities.

I hope that the Alaska Legislature will see the adverse impact of this practice and help to nip it in the bud before the rural Alaskan communities suffer damage to their air services and economies.

Thank you.

Yours truly,  
  
Richard Stern

cc: Representative A. P. Adams  
Representative Henry Springer

TED STEVENS, ALASKA  
LOWELL P. WEICKER, JR., CONNECTICUT  
JAMES A. McCLURE, IDAHO  
PAUL LAXALT, NEVADA  
JAKE GARN, UTAH  
THAD COCHRAN, MISSISSIPPI  
MARK ANDREWS, NORTH DAKOTA  
JAMES ABDNOR, SOUTH DAKOTA  
ROBERT W. KASTEN, JR., WISCONSIN  
ALFONSO M. D'AMATO, NEW YORK  
MACK MATTINGLY, GEORGIA  
WARREN RUDMAN, NEW HAMPSHIRE  
ARLEN SPECTER, PENNSYLVANIA  
PETE V. DOMENICI, NEW MEXICO

JOHN C. STENNIS, MISSISSIPPI  
ROBERT C. BYRD, WEST VIRGINIA  
WILLIAM PROXMIRE, WISCONSIN  
DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, SOUTH CAROLINA  
LAWTON CHILES, FLORIDA  
J. BENNETT JOHNSTON, LOUISIANA  
QUENTIN N. BURDICK, NORTH DAKOTA  
PATRICK J. LEAHY, VERMONT  
JIM SASSER, TENNESSEE  
DENNIS DICINCINI, ARIZONA  
DALE BUMPERS, ARKANSAS  
FRANK R. LAUTENBERG, NEW JERSEY  
TOM HARKIN, IOWA

# United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, DC 20510

J. KEITH KENNEDY, STAFF DIRECTOR  
FRANCIS J. SULLIVAN, MINORITY STAFF DIRECTOR

February 6, 1987

The Honorable Elizabeth Dole  
The Secretary of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Dear Elizabeth:

As you are aware, Section 6(b) of the Civil Aeronautics Board Sunset Act of 1984 (P.L. 98-443) requires reports to Congress by July 1, 1987, from the Department of Transportation and the Postmaster General recommending "whether the authority to establish rates for the transportation of mail between points within the State of Alaska should continue to be carried out by the Secretary by regulatory ratemaking or by the Postal Service through negotiations for competitive bidding."

As the author of the provisions in the Sunset Act which retained the status quo regarding both the fair and equitable distribution of mail within Alaska to the various air carriers, and the establishment of rates for the carriage of that mail, I wanted you to know that I continue to support the current system. With minor modifications, it will continue to adequately serve the interests of Alaskans and the Postal Service.

The vast majority of the communities in Alaska rely on air service for the delivery of the mail, and the revenue from mail carriage to rural air carriers represents a major portion of their total revenues. Due to the impact that these mail revenues have on the rural air carriers' schedules and overall service to the smaller Alaskan communities, a competitive bidding allocation system for the mail which distributed this mail to a single carrier would effectively eliminate competitive service into many of the rural communities. Without mail, no carrier can afford to provide scheduled service to rural Alaska. Accordingly, in order to ensure a competitive air transportation system, the current mail allocation system and rate making procedures should be maintained, with only minor modifications.

The Honorable Elizabeth Dole  
February 6, 1987  
Page Two

While the current system provides an excellent framework -- I believe it should be modified by requiring the Department and the Postal Service to factor into the allocation methodology the needs of the traveling public. Under the present Postal Service policy, any air carrier is entitled to an equal share of the non-priority mail if that air carrier provides at least three trips per week to a given community. This policy does not account for the level of service or the type of aircraft serving the community. Furthermore, this policy may encourage a one-dimensional approach to rural Alaska air transportation.

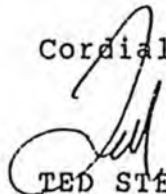
One-dimensional service to rural Alaska, in turn, may force up the costs of the Essential Air Service (EAS) program in Alaska. If mail, pasenger, and cargo, revenues are not adequate to support service, EAS costs will rise. Simply put, mail acts as a supplement to the entire rural air transportation system -- and if it is not fully integrated into the spectrum of services, the shortfall will be borne by the EAS program. Consequently, I encourage you to examine methods of maximizing service to rural communities by coordinating the carriage of mail with the objectives of the EAS program.

In these tight budgetary times, it is imperative that we carefully consider how these programs can best use available Federal resources to encourage the optimal air service within the State. Factoring the quality or range of services provided by a carrier into the allocation methodology would enhance the overall service to rural Alaska, and might also result in a reduction of EAS payments within Alaska.

Please don't hesitate to contact me if I can be of any assistance in this matter. I look forward to your July 1, 1987 report.

With best wishes,

Cordially,



TED STEVENS



FEB 24 1987

February 16, 1987

Representative Bette Cato  
Fifteenth Alaska State Legislature  
First Session, 1987  
House of Representatives  
P. O. Box V  
Juneau, AK 99811

Dear Representative Cato:

This letter is to express MarkAir's support of House Joint Resolution #11.

Current U.S.P.S. mail distribution methods encourage all-cargo aircraft providing infrequent flights into communities. This practice reduces federal funding of the Alaskan transportation system and will result in higher passenger fares and fewer jobs at community passenger airlines.

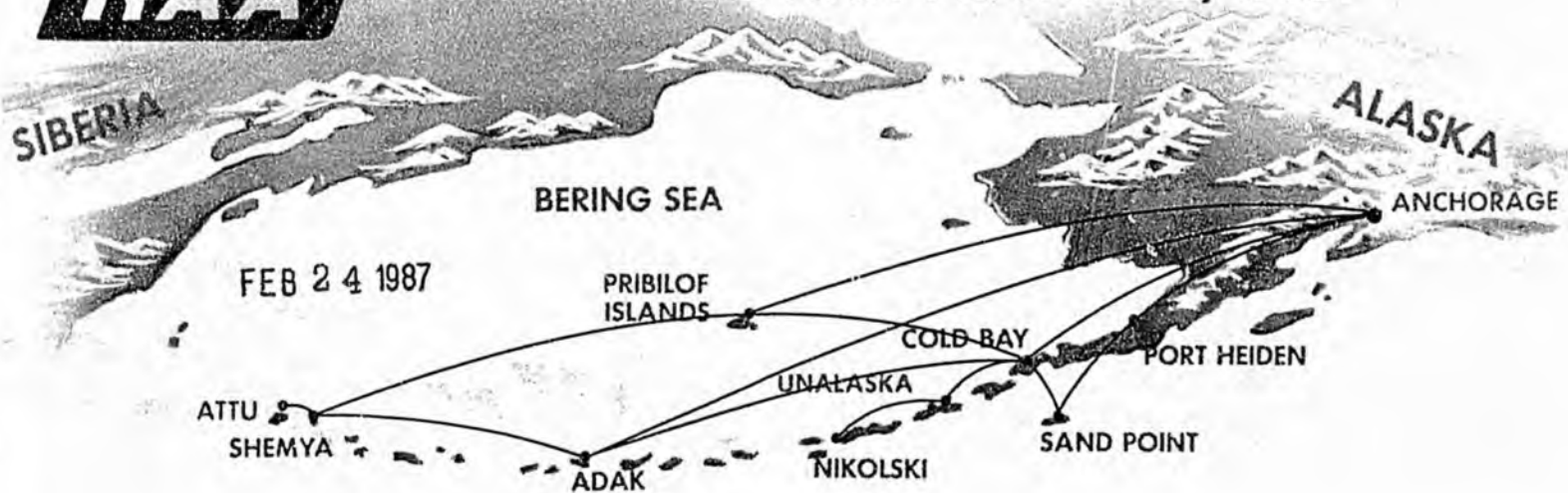
I am confident that MarkAir is one airline among many who feel that mail revenues are the backbone of the Alaskan passenger transportation system.

Very truly yours,

Robert Ensminger  
Vice President Postal Affairs

RE:avn  
(0241T-6)

cc: Representative A. P. Adams  
Representative H. A. "Red" Boucher  
Representative Adelheid Herrmann  
Representative Drue Pearce  
Representative F. Kay Wallis  
Reed Stoops

**RAA****REEVE ALEUTIAN AIRWAYS, INC.**

February 18, 1987

Honorable Betty Cato  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Representative Cato:

Reeve Aleutian Airways respectfully requests your support of HJR11.

Involvement by the U.S. Dept. of Transportation in this issue would seem appropriate. With the sunset of EAS subsidies in the near future it seems that now is the time to consider to what extent U.S. Postal Service revenues may offset the loss of the EAS subsidies.

It is our belief that HJR11 will initiate a process in the U.S. Postal Service to consider methods and alternatives for distribution of mail to air carriers which recognizes an air carrier's overall level of service and financial commitments to a community.

Sincerely,

David A. Jensen  
Administrative Vice President

DAJ/kd

THE FOLLOWING DOCUMENT HAS  
NOT BEEN FILMED BUT IS  
AVAILABLE IN THE ORIGINAL  
FILE

RITA N. SHOLTON  
President

## **NORTHERN AIR CARGO**

3900 W. INTERNATIONAL AIRPORT ROAD  
ANCHORAGE, ALASKA 99502  
(907) 243-3331

Don Brugman  
Vice President & General Manager

## **NORTHERN AIR CARGO** *Alaska's First and Only All-Cargo Airline*

3900 W. INTERNATIONAL AIRPORT ROAD  
ANCHORAGE, ALASKA 99502  
(907) 243-3331

## **All-Cargo Services Schedule & Tariff**

*Fall/Winter-1986*

**(907) 243-3331**



# **NORTHERN AIR CARGO**

NORTHERN AIR CARGO, INC.  
3900 W. INTERNATIONAL AIRPORT ROAD  
ANCHORAGE, ALASKA 99502  
(907) 243-3331

# **NORTHERN AIR CARGO**

## MAIL DISTRIBUTION IN RURAL ALASKA

U.S. MAIL DESTINED FOR RURAL ALASKA FROM THE ORIGIN POINTS OF ANCHORAGE AND FAIRBANKS IS CURRENTLY TENDERED TO THE MAINLINE CARRIERS (ALASKA AIRLINES, MARKAIR AND NORTHERN AIR CARGO) ON THE BASIS OF A USPS POLICY KNOWN AS "EQUITABLE TENDER".

EQUITABLE TENDER SIMPLY MEANS THAT THE USPS DISTRIBUTES THE VOLUME OF MAIL AS EQUALLY AS POSSIBLE AMONG THE AIRLINES FLYING ON A PARTICULAR ROUTE. AN EXAMPLE OF THIS IS THE ANCHORAGE TO BETHEL WHERE THE MAIL IS SPLIT AMONG TH. 3 CARRIERS, THE CARRIER WITH THE MOST FREQUENCY OF SERVICE IN THAT MARKET RECEIVING A PROPORTIONATELY LARGER SHARE.

FOR THE PAST 3 YEARS THERE HAS BEEN A LOBBYING EFFORT OF THE ALASKA CONGRESSIONAL DELEGATION TO PRESSURE THE USPS TO CHANGE THEIR EQUITABLE TENDER POLICY TO A FORMULA WHICH MARKAIR HAS DEVELOPED AND WHICH EFFECTIVELY ELIMINATES NORTHERN AIR CARGO FROM CARRYING U. S. MAIL.

THE RATIONAL BEHIND THIS LOBBYING EFFORT ALLEGES THAT PASSENGER SERVICE IS BEING HAMPERED BY NORTHERN AIR CARGO, AN "ALL CARGO" AIRLINE, CARRYING THE U.S. MAIL AND THEREBY DEPRIVING THE PASSENGER CARRIERS OF THE ADDITIONAL REVENUE TO OFF SET THE COST OF PROVIDING PASSENGER SERVICE.

THIS ALLEGATION HAS NOT BEEN BORNE OUT BY THE FACTS. PASSENGER SERVICE IN RURAL ALASKA IS AT AN ALL TIME HIGH IN BOTH THE MAINLINE AND THE BUSH. THE LEVEL OF SERVICE HAS CONTINUED TO INCREASE AS WITNESSED BY TWO NEW PASSENGER CARRIERS RECENTLY ENTERING THE ANCHORAGE TO DILLINGHAM, KING SALMON, AND KODIAK MARKETS. THE SAME TREND IS OCCURRING IN THE SMALLER BUSH COMMUNITIES.

IT MAY BE TRUE THAT THERE IS TOO MUCH PASSENGER SERVICE AND SOME AIR CARRIERS MAY NEED TO ADJUST THEIR STRATEGIES. WHAT IS MORE IMPORTANT TO RURAL ALASKANS IS THAT THEIR QUALITY OF LIFE HAS IMPROVED DRAMATICALLY WITH THE ADVENT OF RELIABLE SCHEDULED ALL CARGO AIRLINE MAIL AND AIR FREIGHT SERVICE. EVIDENCE OF RURAL ALASKANS FEELINGS ON THIS ISSUE IS OBVIOUS BY THE MANY RESOLUTIONS, PETITIONS, AND LETTERS OF SUPPORT FOR ALL CARGO SERVICE THAT THE ALASKAN CONGRESSIONAL DELEGATION HAS RECEIVED ON THIS ISSUE.

ATTACHED IS A COPY OF A NEWSPAPER ARTICLE WHICH APPEARED IN THE ANCHORAGE DAILY NEWS ON APRIL 27, 1986 AND GIVES A FACTUAL ACCOUNT OF BOTH SIDES OF THE ISSUE.

Today, freight and mail fly on Douglas DC-6 air freighters. The airline owns ten DC-6 aircraft, and each plane can lift nearly 30,000 pounds. The planes are economical to operate, reliable, and ideally suited to the varied Alaskan flying conditions. The planes are able to land on improved and unimproved airstrips 4,000 feet in length, and the Company has upgraded the aircraft to include sophisticated electronics including LORAN navigation and Color Radar. Eight of the ten aircraft in the fleet are of the standard configuration; the ninth freighter is dedicated exclusively as a tanker, and can haul up to 4,500 gallons of fuel; the tenth freighter is one of only two in the world with a "Swingtail" which swings completely open from the tail allowing rear loading of cargo as long as 65 feet. The aircraft is ideally suited for the special transportation needs of rural Alaska.

Northern Air Cargo's philosophy is one of service to the customer, and providing this service as quickly, efficiently, and safely as possible. The airline has had over 30 years of accident free operations.

Northern Air Cargo employs 150 people in Anchorage and sub-contracts with local business enterprises in the 20 rural Alaskan communities that it serves. In all these areas, Northern Air Cargo has made a significant economical contribution.

# **NORTHERN AIR CARGO**

Northern Air Cargo was founded in 1956 as a partnership between Robert "Bobby" Sholton and Maurice Carlson. The airline was established as a charter air freight service, utilizing two C-82 "Flying Boxcars." As the airline founders, Sholton and Carlson were both considered Alaskan aviation pioneers; since the late 1940's, Sholton had flown extensively all over Alaska delivering freight, passengers, and mail; Carlson had flown for the military.

With a fleet of C-82's, Northern Air Cargo established an impressive record of service to many areas of the State. The airline pioneered delivery of special-outsized cargo to some 192 different air strips within the State. Areas served were mining settlements, construction and DEW Line sites as well as delivering freight to rural communities on a charter basis. In 1969, the first DC-6 aircraft was added to the operation. This aircraft gave the Company additional lift and capacity and opened up a more expanded rural market. Since the early 1970's, Northern Air Cargo has been on a controlled rate of growth adding DC-6 all-cargo aircraft periodically up to its present fleet of ten aircraft. Northern Air Cargo was co-owned by Sholton and Carlson until Sholton purchased his partner's interest in the airline in 1981.

The widow of Robert Sholton, Mrs. Rita Sholton is the airline's President and Chief Executive Officer. Mrs. Sholton has steered Northern Air Cargo on a course of steady growth since Robert Sholton's death in 1982. Mrs. Sholton moved the airline from almost 100% charter operations prior to 1982, to a scheduled airline that serves 20 communities within Alaska on a regularly scheduled basis with freight and mail delivery. The airline flies approximately two and one-half million miles per year within the State of Alaska.

# BUSH MAIL SERVICE MEANS BIG BUCKS FOR AIRLINES

Anchorage Daily News Sunday, April 27, 1986



Anchorage Daily News/Bob Hallinan

Dan Demott and Tom Bourdakovsky load cargo for a flight to the Bush aboard a Northern Air Cargo DC-6 at the Anchorage International Airport.

## Cargo carrier faces fight to keep Bush mail routes

By HAL BERNTON  
Daily News business reporter

Stacked on pallets in an Anchorage hangar sits some of Alaska's most lucrative air cargo: boxes of candy and tobacco, six-packs of pop, crates of vine-ripened tomatoes and bananas, and sacks of potatoes.

This is the Bush-bound U.S. mail, the financial backbone of Alaska's far-flung air transportation system. Last year, the U.S. Postal Service paid nearly \$56 million to Alaska carriers to fly mail around the state.

Nell Bergt, chairman of MarkAir Inc., doesn't think his airline — or other passenger airlines — got their fair share.

Bergt and MarkAir officials, aided by Alaska Sen. Ted Stevens, have led a group of passenger airlines in a quiet but powerful lobbying campaign to change the way the Postal Service divvies up the mail.

His postal proposal would give MarkAir and other passenger airlines more mail to carry — largely at the expense of Northern

Air Cargo, the state's only all-freight airline.

The campaign pits Bergt's MarkAir against its longtime rival, Northern Air, in a high stakes battle for multi-million dollar mail revenues.

As passenger and freight traffic decline in the post oil-boom Alaska air economy, Bergt needs more mail to fill up the cargo holds of MarkAir's costly fleet of Boeing 737 jets.

Bergt is molding the fleet into one of the state's dominant passenger carriers. But the company is losing a lot of money. In the last quarter of 1985, MarkAir lost \$1.8 million, according to a financial statement filed with the federal Department of Transportation. A financial statement put previous losses at \$18.8 million.

Northern Air Cargo likes the present mail distribution system just fine. The carrier is prospering by shuttling Anchor-

See Page J-2, MAIL FLIGHTS

### HOW GAMBELL'S MAIL IS DELIVERED

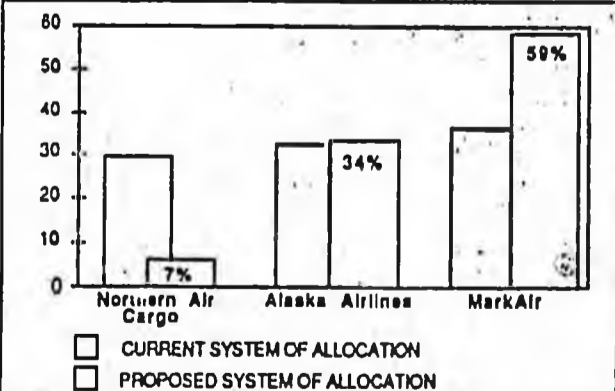
How it might change under the MarkAir proposal



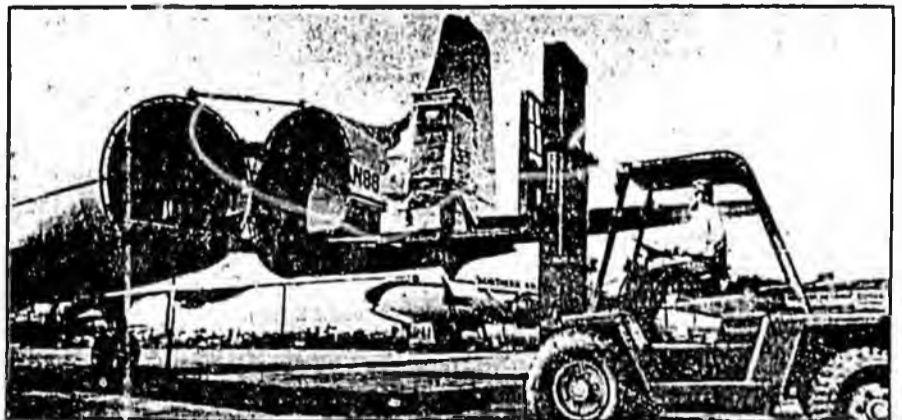
Daily News art department map

### WHO DELIVERS BETHEL'S MAIL

How it would change under the MarkAir proposal



Daily News art department chart



Anchorage Daily News/Bob Hallinan

The "swing-tail" design of this DC-6 makes for easy loading at the Northern Air terminal.

# MAIL FLIGHTS: Airlines fight for bigger share of Bush cargo

Continued from Page J-1

age mail and oversized freight in a low-cost fleet of vintage DC-6s to 25 Bush destinations.

Northern Air's schedule includes the only direct mail service from Anchorage to about a half dozen villages. Passenger airlines shuttle mail for these villages through regional hubs, such as Nome or Bethel. The mail is then unloaded to await delivery on smaller commuter airlines.

MarkAir officials say their reform proposal is not aimed at Northern Air.

"It's a philosophical issue, as to whether or not the mail should, in any way, shape or form, be a factor in providing safe and reliable and passenger service," said Jim Berg, a MarkAir vice president for finance.

Passenger airlines deserve more mail freight because they offer far more flights than cargo competitors, said Larry Anderson, another MarkAir official. The passenger airlines also have much larger investments in terminal buildings, salaries and equipment than the cargo carriers.

"We're not after Northern Air Cargo, we're after a more equitable distribution of the mail," Anderson said.

But Northern Air Cargo officials disagree.

"The MarkAir proposal must be viewed for what it is: a blatant effort to put a competitor out of business," wrote Theodore Seamens, a Washington, D.C. attorney for Northern Air, in a memo to the Postal Service.

Dennis Gladwin, a Northern Air vice president, said MarkAir is trying to fix a system that isn't broken. He has launched a vigorous public relations counteroffensive to kill the MarkAir proposal. He carries around a binder full of petitions and testimonials from villagers and shippers who like his cargo airline's mail service and don't want to see it hurt.

Postal Service officials also have problems with the MarkAir proposal. Their attorney said it's probably illegal.

Congress told the agency to develop an air delivery system that provides customers with the best possible system, wrote Michael J. Vandamm, the Postal Service's assistant general counsel, in an internal agency memorandum.

That means subsidizing the cost of mail delivery in Alaska so it's the same as in the Lower 48. But Vandamm doesn't think it means skewing the system to help bail out passenger airlines.

"There is no statutory basis for establishing a policy of distributing the mail business so as to favor passenger carriers at the expense of all-cargo and small aircraft operators," he stated.

Despite Postal Service skepticism, MarkAir's postal proposal is very much alive.

The proposal has been promoted by Stevens, chairman of the Senate Postal Subcommittee. Stevens helped arrange a meeting in Anchorage last February at which Bergt unveiled the formula to a crowded

room of Postal Service and airline officials.

In a recent interview, Stevens said he's talked with both Northern Air and MarkAir officials. But he appeared to support MarkAir's proposal.

Northern Air Cargo plans to add new routes and Stevens that expansion threatens the stability of the state's air passenger system.

Mail makes up at least one-third of the revenue for most passenger airlines. Without this revenue, the passenger airlines will reduce service and raise their rates, Stevens predicted.

Today, federal Transportation Department records show Alaska passenger service levels, despite all-cargo competition, are at an all-time high. And most airfares have stabilized.

But if passenger carriers keep losing mail to cargo lines, Stevens said the state transportation system will begin to disintegrate.

"We will rue the day that happens because there is no alternative. You can't take a bus..." Stevens said.

Postal Service officials are well aware of Stevens' views.

In recent weeks, the Postal Service has had "a lot of correspondence" with Stevens' office about the MarkAir proposal, said Rex Maytam, a Postal Service program manager based in Washington, D.C.

Maytam, of the Postal Service, said his agency is reviewing the MarkAir proposal and may hold hearings on it later this year.

The mail distribution formula that Bergt is seeking to reform was written three years ago in a sweeping Postal Service policy change that broke up mail-route monopolies held by the old Wien Airlines and a handful of subcontractors.

Under the old system, the Postal Service heavily subsidized shippers who chose to mail merchandise to the Bush. In some instances, the Postal Service paid more than 90 percent of the \$50 cost of shipping a 50 pound box to a Bush village.

Wien and its subcontractors loaded the groceries, merchandise and other mail in the cargo holds of passenger planes and took it to regional hubs. Village-bound mail — including perishable meat, dairy products and vegetables — then was unloaded and stored in warehouses. It often sat there for days until a smaller passenger airline, under subcontract to Wien, found room to deliver it to the villages.

The present postal distribution system retains the old system's heavy freight subsidies. But it attempts to divide up the postal money more evenly among the dozens of Alaska carriers spawned by the 1978 federal deregulation of the airline industry.

Most of the mail travels fourth class. And the formula offers roughly equivalent amounts of mail to all carriers who maintain at least once-a-day service levels to Alaska towns, said Daniel Benton, an Anchorage-based Postal Service official.

And it offers some mail to cargo

planes that bypass regional hubs and fly direct from Anchorage to more than eight Bush villages. Most of these flights are offered by Northern Air, one by MarkAir.

The cargo planes fly only to villages with enough people to support once-weekly cargo trips and airstrips long enough to handle big planes.

The direct flights have been embraced by villagers and Anchorage shippers. Produce no longer rots in hub warehouses and merchandise arrives in letter shape because it is handled less.

"The whole community has been behind Northern Air Cargo," said H. Vernon Sitwoko, mayor of the St. Lawrence Island village of Gambell.

In St. Paul in the Pribilof Islands, Northern Air's direct flights have drastically reduced food prices by allowing frozen products to be shipped through the subsidized mail system, said Carol Melovidov, manager of the village's Aleut Community Store. The cargo service has also reduced monthly damage bills from mishandled mail by \$1,000, she said.

The direct flights also save the Postal Service money. The subsidy formula often requires the Postal Service to pay much higher freight costs to passenger airlines that carry freight via the indirect flights that pass through the hub system.

For example, mailing a package from Anchorage to Gambell on a direct cargo flight costs the Postal Service 43 cents a pound. The same freight flying to Gambell via Nome on a passenger jet costs the Postal Service \$1.22, according to federal Department of Transportation statistics.

Last year, Postal Service statistics showed a saving of more than \$1 million from direct cargo flights to the villages.

But officials of some commuter airlines say they need those mail revenues to help finance passenger service. They don't think they get a fair share of the mail; one that fully reflects their high service levels to rural Alaska.

"You get someone coming in and sharpshooting a certain type of (air) traffic," said Richard Reeve of Reeve Aleutian Airways. "You know that the other types of traffic are going to suffer."

"They (Northern Air) carry no passengers, and they do not face the high insurance premiums," said Grant Thompson, vice president of Barrow-based Cape Smythe Airlines.

"Bypassing the hub with the mail will eventually cause a collapse of the (passenger) system," said Jim Rowe, president of Bering Air.

But commuter airlines aren't entirely united in their opposition to the direct cargo flights.

Wilfred Ryan, president of Ryan Air — Western Alaska's largest passenger airline — said his company has lost mail to Northern Air, but he doesn't favor changing the formula. Instead, he favors free-market competition between the cargo carriers and the passenger airlines.

"The ultimate beneficiary is the village consumer," he said. "The cost of living is declining."

In Unalakleet, which receives direct all-cargo service, Ryan Air has responded to the competition by operating small aircraft that can be filled up with passengers alone.

Ryan hasn't supported changing the postal formula. But a half dozen other commuter airlines have joined with MarkAir to lobby for changes in the Postal Service formula.

MarkAir's proposal would help the small passenger airlines by requiring all village mail carriers to provide service at least three times a week. Northern Air officials say that level of service isn't profitable for an all-cargo airline, so they would have to end village service.

The proposal helps the large passenger airlines flying from Anchorage by heavily weighing a carrier's weekly flights and plane size. The more flights and the bigger the planes, the more mail a carrier would receive.

MarkAir, for example, flies 20 times a week to Bethel; Northern Air flies seven. The new formula would raise MarkAir's share of the mail market to Bethel from 37 to 59 percent, earning the carrier more than \$500,000 in new revenue.

But according to Berg of MarkAir, the statewide effect of the MarkAir proposal would not have much effect on the carrier's revenue.

"It seems like everyone thinks this is a fight between a couple of different carriers," Berg said. "But we're not really that big of winners in this thing. We won't gain that much."

According to Berg, other passenger airlines would benefit as much, if not more, than MarkAir.

Northern Air's calculations of the MarkAir formula — using the last quarter of 1984 as a base — indicate Northern Air's state-wide mail share would drop from 20 percent to 8 percent. Meanwhile MarkAir's share would increase from 39 to 45 percent.

With only 8 percent of the mail, Northern Air couldn't afford to operate postal or freight service, said Gladwin, the company's vice president.

Stevens, when asked about Northern Air's claims that the formula would put them out of business, showed little sympathy.

"We must take whatever steps we have to assure the viability of passenger air transportation system," Stevens said.

Stevens believes the greater danger lies in allowing cargo carriers to keep grabbing more mail.

As passenger traffic softens in a faltering economy, he fears the rise of "monopoly carriers who are interested in freight delivery only."

Melovidov, of the St. Paul's Aleut Community store, said she understands the problems of the passenger airlines who are losing mail. But in a recent letter to Stevens, she urged the senator to also consider her community's villagers who want to see Northern Air survive.

"My feelings are that the United States Postal system was initiated to benefit the people — not those private corporations that are presently backing those proposed revisions."

NORTHERN AIR CARGO INC.  
3900 W INTERNATIONAL AIRPORT ROAD  
ANCHORAGE ALASKA 99512  
(907) 243-3311

# NORTHERN AIR CARGO

February 11, 1987

Representative Betty Cato  
House of Representatives  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Cato:

Northern Air Cargo has been notified that House Joint Resolution #11 has been scheduled for a hearing on February 25, 1987. We have also been notified this hearing will not be teleconferenced.

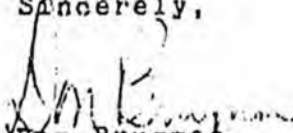
During our meeting with you last week, we indicated we would be Outside at a seafood industry convention during the 25th, 26th and 27th of February. This convention is critical to our business.

We have also been informed by many of our customers who live in rural Alaska that they will not be able to travel to Juneau to testify because of conflicting business already committed to on February 25th. Further, some have indicated that the financial burden is a hardship they don't wish to incur in view of the current economic situation. We also have had requests from numerous seafood industry executives who are desirous of testifying and wish to have access to some sort of teleconference arrangement so that they may inform the committee of the seriousness of this resolution to their industry.

Because this resolution has a severe impact on Northern Air Cargo and our customers who are principally residents of rural Alaska, we respectfully request that this hearing be scheduled for a later date which will accomodate our schedule and teleconferencing.

Thank you for your consideration of this request on behalf of rural Alaskans.

Sincerely,

  
Don Brugman

Vice-President/General Manager

NORTHERN AIR CARGO, INC.  
3900 W. INTERNATIONAL AIRPORT ROAD  
ANCHORAGE, ALASKA 99502  
(907) 243-3331

# NORTHERN AIR CARGO

FEB 4 1987

February 6, 1987

Representative Bette Cato  
House of Representatives  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Cato:

I would like to personally thank you for the time you spent with Don Brugman, "Jorgie" Jorgensen and myself during our recent visit to Juneau.

I hope you have had the opportunity to read the position paper we supplied regarding House Joint Resolution No. 11.

As we discussed, House Joint Resolution No. 11 is not a resolution without significant consequences. Because of the impact this resolution would have on the Bush communities, we would appreciate as much time as possible before your committee schedules the hearing.

Again, thank you for your time.

Sincerely,



Rita N. Sholton  
President

RNS/kkk

# HERMENS AIR, INC.

Box 1778 • Bethel, Alaska 99559 • (907) 543-4220

Feb. 11, 1987

The Honorable Bette Cato  
Chairman House Transportation Committee  
P.O. Box V  
Juneau, AK 99811

FEB 17 1987

Dear Ms. Cato:

I would like to voice my support for JR-11.

Hermens Air, Inc. serves 52 villages with daily schedules from 4 hubs; Bethel, St. Mary's, Aniak, and Unalakleet. In these 4 hubs we employ 75 full time personnel.

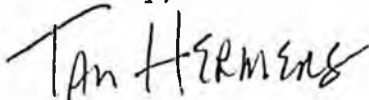
Allowing mainline airplanes to over fly the bush hubs with mail will seriously impact the well established hub and spoke system that allows rural Alaskans a reliable and affordable system of transportation. The bush mail has allowed us to provide passenger service and comfortable facilities for the people traveling to and from the bush villages. Without the mail to these villages, passenger fares would have to be doubled putting an unnecessary financial burden on rural Alaskans. Without the mail we would not be able to operate our present facilities, and we would be forced to decrease our personnel.

Hermens Air has made a financial commitment of over a million dollars in rural Alaska in terminal facilities and large ground handling equipment to turn the mainline aircraft at the bush hubs. Hermens Air has provided a stable work environment with many benefits such as health, dental, and pension plans to rural Alaskans and we feel a strong commitment to continue to do so. That is why it is so important for you to understand the importance of JR-11 passing to support the established transportation system in rural Alaska.

If I can be of any further help in answering questions about this important subject please feel free to contact me at 543-4220 Ext. 30.

Thank you for your time and consideration.

Sincerely,



Tan Hermens, Vice President

cc Al Adams  
Johne Binkeley  
Reed Stoops  
Lyman Hoffman

# STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

BILL SHEFFIELD, GOVERNOR

STATEWIDE AVIATION

P.O. BOX 196900  
ANCHORAGE, ALASKA 99519-6900  
(TELEX 25-185) (907) 266-1488

-NOTICE-

November 10, 1986

The Federal Department of Transportation is preparing a study of the impact of discontinuation of the Essential Air Service (EAS) Program, which is scheduled to expire in 1988. As part of the study, they have sent each eligible EAS community a survey and have scheduled a public meeting in Anchorage on November 17, 1986 at 10:00 a.m. in room C122 in the Federal Building. We anticipate participation by EAS communities, air carriers, possibly representatives of the Congressional delegation is anticipated and your participation would be welcome.

Attached for your information is a copy of the survey and list of EAS communities that currently receive subsidized air service. If you have any questions about the meeting, please contact Dick Steinman of the Federal DOT at 271-5147 or Gina Lindsey of DOT&PF at 266-1460.

SUBSIDIZED COMMUNITIES IN ALASKA

<u>Subsidized Carrier</u>	<u>Communities Covered by Rate</u>	<u>Subsidy Rate</u>
Alaska Airlines	Cordova Gustavus Petersburg ✓ Wrangell Yakutat	\$1,973,534
Chitina	Boswell Bay Cape Yakutaga ✓ Chitina Icy Bay	127,888 <u>1/</u>
40-Mile	Chisana ✓	13,582 <u>1/</u>
Frontier Flying Service	Wiseman ✓	10,800
Harbor	Seward ✓	53,331
Harold's (four rates)	Central Circle ✓	32,136 <u>1/</u>
	Cape Romanzoff ✓	12,679
	Cape Newenham ✓	65,662
	Nyak ✓	4,800 <u>1/</u>
Peninsula (three rates)	Kodiak Island (19 communities) ✓	214,071
	Atka ✓	366,678
	St. George ✓	108,370
Ryan	Council ✓	3,600
Sportsman	May Creek McCarthy	17,801

1/ Rates are subject to adjustment for revenues received by the carrier.



U.S. Department of  
Transportation

Office of the Secretary  
of Transportation

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

Ms. Gina Lindsey  
Department of Transportation  
Statewide Aviation Section  
P.O. Box 196900  
Anchorage, AK 99519-6800

24 OCT 1986

Dear Ms. Lindsey:

As part of the Airline Deregulation Act of 1978, Congress established the Essential Air Service Program guaranteeing air service for all communities listed on air carrier operating certificates as of the date of enactment and authorized the payment of operating subsidies to air carriers, when necessary, to meet the service guarantees. Congress took this action to ensure that small communities receiving air service under the regulated system then in effect would not lose all service as a result of the deregulation provisions allowing incumbent carriers to terminate their operations.

The guaranteed service program was enacted for a ten-year period to afford communities time to adjust to a totally deregulated environment. It was envisioned that at the end of the ten-year period all communities would have to rely on the marketplace for service, without Federal assistance. The ten-year period ends on October 23, 1988.

In light of the scheduled end of the current authorization, Congress has directed us to undertake a study of the impact to small and remote communities of the discontinuation of essential air service subsidies in 1988. We are required to identify those communities that are likely to realize transportation dislocations without some level of air service support and to identify various methods and options for continued air transportation support. We must submit the report to Congress by February 1, 1987.

As an initial step in this study, we are contacting all eligible communities and the aviation agencies of the states for their views on the air service needs of these communities, the possible alternatives for meeting those air service needs after 1988 and options for funding the service, where subsidies are necessary. We have sent a questionnaire to the mayor or corresponding public official of each community with an essential air service determination and requested that they complete the questionnaire and return it to us by November 24, 1986. We would appreciate your submitting views for your state in response to these questions and issues included in the questionnaire and have enclosed a copy of the questionnaire for you.

In addition, in order to afford affected communities and states an opportunity to explore any ideas and alternatives for consideration with us in an open forum, we are planning to hold several meetings around the country to enable us to discuss with community and state officials the service and funding alternatives and their costs and benefits so that we can provide Congress with a complete discussion and evaluation of the options. We are currently planning on holding a meeting in Anchorage in mid-November to meet with community and state officials from Alaska. We will advise you of the date, time and location of the meeting as soon as the final arrangements are made.

to  
11/17

It is important that the communities participate fully in this process so that the record and the report adequately reflect their views and afford Congress a thorough array of options. Given the deadline for our submission and the timeframe that we must impose for responses to the questionnaire and the public meetings, it is critical that the communities begin addressing these questions immediately and preparing their responses, and we would greatly appreciate any assistance you could give us in this regard by contacting the communities in your state and coordinating their responses and forum presentations.

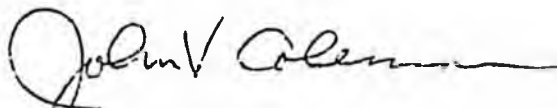
I would also like to provide you some general background information on the current numbers of communities receiving service under the program, the levels of traffic at those communities and the current subsidy costs, so that you can consider these facts in developing your comments and recommendations.

As noted above, all communities that were certificated as of October 24, 1978, are eligible under the program. 480 communities in the 48 states, 237 in Alaska, 9 in Hawaii and 20 in the territories are therefore eligible. Not all of these communities have been directly affected by the program, however. Within this group, only those communities that have been served by one or no certificated carrier at some time since passage of the Act are required to have an essential air service determination made by us which establishes the level of service that is guaranteed. (The transportation needs of communities that have continuously received service from two or more certificated carriers — that is the larger transportation centers such as New York, Knoxville, Tulsa, etc. — are being met by the marketplace, and therefore do not require the protection of the program.) In addition, under section 419(b) of the Act, we have added a limited number of points that were deleted from certificates during the 10-year period prior to deregulation and have issued essential air service determinations for them. As of this date, we have issued essential air service determinations for a total of 328 communities in the 48 states, 225 communities in Alaska, 3 communities in Hawaii and 7 communities in the territories. Most of these communities are presently receiving air service in the marketplace on their own without our intervention; we are only subsidizing service at 99 communities in the 48 states, 41 communities in Alaska and one community in the territories.

The enclosure with this letter lists the points in Alaska that are currently being subsidized, the carriers being subsidized and the amount of subsidy. We hope this information will be helpful to you in developing your responses regarding how the air transportation needs of subsidized communities should continue to be met.

We appreciate your cooperation and assistance in this effort and look forward to receiving your input. If you have any questions please contact Bill Boyd of my staff at (202) 366-1052.

Sincerely,



John V. Coleman  
Director, Office of  
Essential Air Service

Enclosures

ESSENTIAL AIR SERVICE SURVEY

(Alaska)

I. Demographic Information

1. Most recent community data:

Population \_\_\_\_\_

Year \_\_\_\_\_

2. Total population of actual airport service area — all surrounding area served by the local air center:

\_\_\_\_\_

II. Service Needs

3. What is the current overall annual level of traffic at your community in terms of:

(a) passenger enplanements \_\_\_\_\_

(b) cargo (pounds) \_\_\_\_\_

(c) mail (pounds) \_\_\_\_\_

4. List the major travel destinations, i.e. final destinations, for existing passengers at your community and the percentage of your community's overall traffic to each destination. Also, if direct service to the final destination is not available, indicate what connecting center(s) are used by travelers to the destination.

Destination	Percentage of Total Traffic	Connecting Point(s)
(1) _____	_____	_____
(2) _____	_____	_____
(3) _____	_____	_____
(4) _____	_____	_____
(5) _____	_____	_____

5. Describe the current traffic at your community. What is the frequency that most travelers use the air transportation at your community — once a year, twice a year, monthly, etc.? For all three categories — passengers, cargo and mail — indicate if there is a seasonality to traffic levels. Estimate what percentage of traffic for passengers, cargo and mail to/from your community originates at the community and what percentage originates at other areas of the state/country (directional traffic imbalance). \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Does current traffic reflect total potential demand for air transportation at your community? If not, indicate the amount of additional traffic potential, the nature of that traffic and what alternative transportation those potential travelers are currently using, if any. Please indicate the basis for your conclusions, such as travel surveys or economic/community planning studies.

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7. What changes in your current service would be required to realize the potential traffic? How long would it take to realize this traffic potential? Estimate the additional costs entailed for these changes in service?

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8. What alternative air transportation is available to travelers at your community -- such as air taxi service at the local community or air service that is accessible at nearby communities? What is the nearest (or most convenient) airport currently receiving scheduled service, other than the airport which directly serves your community? What is the distance to that airport and are there roads between your community and that airport?

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9. Given the current levels of traffic at your community, what is the most efficient way of meeting the transportation needs of your community? Please explain the basis for your position.

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10. If air transportation subsidies are discontinued in 1988, how would that affect air service at your community? How would it affect the community overall? Please detail the basis for your position.

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11. What alternative options (relying on alternative air or ground service), new program (Federal, state or local), or changes to the existing Essential Air Service Program would you favor to meet the transportation needs of your community? Please detail proposals. \_\_\_\_\_

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12. If the program is modified, should there be eligibility requirements such as isolation and minimum traffic standards, or any other standard that would be appropriate for communities in Alaska? If so, what standards should be established for eligibility? Please explain the basis of your position on this issue. \_\_\_\_\_

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SUBSIDY FUNDING

13. If continued operating subsidy is required to maintain air service to your community and you support the continuation of air service, how should the subsidy be funded? \_\_\_\_\_

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14. If subsidy is needed, would your community be willing to share in the cost? If so, to what extent and under what conditions? Are there any legal obstacles to the community's providing operating subsidy under a subsidy-sharing arrangement? Are there state funds available for air transportation subsidy? \_\_\_\_\_

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15. Are there any other options for funding subsidy requirements that you would prefer, such as a user's tax -- federal, state or local -- use of federal transportation trust funds, general tax revenues? Please support your position on this issue.

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16. Please submit any other information, views and ideas on service requirements, subsidy programs and funding alternatives.

If more space is required for any of your responses, please use additional pages, making sure that you label your responses by the corresponding number of the question.

The completed questionnaire and any other submissions should be sent to the following address:

Office of Essential Air Service, P-60  
Department of Transportation  
Room 5100  
400 7th Street, S.W.  
Washington, D.C. 20590

SUBSIDIZED COMMUNITIES IN ALASKA

<u>Subsidized Carrier</u>	<u>Communities Covered by Rate</u>	<u>Subsidy Rate</u>
Alaska Airlines	Cordova Gustavus Petersburg Wrangell Yakutat	\$1,973,534
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Frontier Flying Service	Wiseman	10,800
Harbor	Seward	53,331
Harold's (four rates)	Central Circle	32,136 <u>1/</u>
	Cape Romanzoff	12,679
	Cape Newenham	65,662
	Nyak	4,800 <u>1/</u>
Peninsula (three rates)	Kodiak Island (19 communities)	214,071
	Atka	366,678
	St. George	108,370
Ryan	Council	3,600
Sportsman	May Creek McCarthy	17,801

1/ Rates are subject to adjustment for revenues received by the carrier.

LEGISLATIVE

SPONSOR: H. Trans. Committee  
pub hear . work ses inv hear

T/C DATE/DAY: wed-2/2

TIME: 1:30-3:00

LEGISLATIVE REFERENCE: HJR 11

JUNEAU ROOM: C-17

SUBJECT: (Rep Adams Bill)

BRIDGE: 258-1808

Mail Service to Communities

# OF PORTS: 10

mainline and bush communities

CONTACT: Went PHONE: 258-1

DATE TAKEN/BY: 2/13/87

\*\*\*\*\*  
SITES PARTICIPATING:

LIO'S

LTC'S

VTS'S

Anchorage

Barrow

Bethel

Delta Junction

Dillingham

Fairbanks

Glennallen

Juneau

Ketchikan

Kodiak

Kotzebue

Mat-Su

Nome

Petersburg

Sitka

Soldotna

Valdez

Fort Yukon

Galena

Homer

Naknek

Newhalen

St. Paul

Sand Point

Togiak

Unalaska

Wrangell

See List on  
Reverse Side

ALL LIO'S

ALL LIO's/LTC'S

OTHER SITES WELCOME  
WITH PRIOR NOTIFICATION

OFFNETS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CHAIRING SITE: JNU

CHAIRPERSON: Rep. Cato

[  ] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

Ant I. Tinto  
SIGNATURE OF SPONSOR/CONTACT PERSON

2/13/87  
DATE

\*\*\*\*\*  
SPECIAL INSTRUCTIONS



**ALASKA COMMERCIAL COMPANY** FEB 27 1987

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

8051 S. 198th  
KENT, WA. 98031  
(206) 872-7300

1011 E. TUDOR RD.  
SUITE 120  
ANCHORAGE, AK 99503  
(907) 279-7467

February 23, 1987

The Honorable Bette Cato  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

We have recently become aware of House Joint Resolution No. 11 which recommends the revision of the existing mail system to take into account the frequency and capacity of passenger service offered by each carrier serving a community. As one of the largest users of non-priority mail in the state, approximately 13 million pounds a year, we feel it appropriate and necessary for us to comment on any potential change to that system.

The special features of the mail system in rural Alaska were designed to accomplish social and economic objectives that are related to delivery of freight to lower the cost of goods. This efficient, cost effective system has enabled us to increase the selection of products available to our customers while allowing us to maintain low prices. ACC prides itself on being able to deliver a broad selection of goods at the lowest prices and the bypass mail system has helped make this possible. By confusing the issue of mail with passenger service it becomes more complex than it was meant to be. While passenger service in rural Alaska is important and perhaps warrants additional financial support, it should be separate from the mail revenues. It would be counterproductive should mail service suffer in an attempt to maintain a high level of passenger service. Mail revenues should continue to be used to lower the cost of bringing goods to rural communities.

From the perspective of a user of this system, it works smoothly and efficiently. While we are not against change if there is something to be gained, we believe it would be wrong to change a system that is working to one which is tied to an unrelated commodity. We would suggest that extensive hearings be conducted by the legislature prior to the passage of any resolution relating to the mail system in Alaska to better determine the impact such a change would have on the communities and people the system was established to serve. These hearings should be conducted not only by the Department of Transportation but also by the Department of Community and



# ALASKA COMMERCIAL COMPANY

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

8051 S. 198th  
KENT, WA. 98031  
(206) 872-7300

1011 E. TUDOR RD.  
SUITE 120  
ANCHORAGE, AK 99503  
(907) 279-7467

Regional Affairs and should be held in communities throughout the state. In this way information can be gathered from those users of the mail system which will be affected by any change. By discussing the proposed changes with the customers who will be affected, the impact can better be determined.

It is our understanding that the US Postal Service is planning on conducting hearings throughout the state this spring in an effort to evaluate the existing system and discuss any improvements which could be made. Perhaps it would be possible to conduct legislative hearings at the same time. This could accomplish both the objective of the Post Office while providing more definitive information on which for the Legislature to base their decision. We would respectfully request that we be notified of any hearings scheduled on this resolution so that we have an opportunity to further explain the potential impact of the implementation of this resolution on the communities in which we live.

While the Alaska Commercial Company does not want to interfere with the legislative process, we do believe it imperative that additional research be conducted before a decision of such magnitude is made.

Sincerely,

*Samuel J. Salkin*

SAMUEL J. SALKIN  
President  
ALASKA COMMERCIAL COMPANY



LARRY CHENAILLE, President  
P.O. Box 2348  
Fairbanks, Alaska 99707  
Business: 907-452-5169/456-5556

February 20, 1987

Bette Cato, Chair  
House Transportation Committee  
P.O. Box V  
Juneau, Alaska

FEB 25 1987

Dear Representative Cato:

It is absolutely essential that the House pass Joint resolution 11 for the benefit of the State and most of all the people of Alaska.

If mail is allotted to cargo only airlines, passenger service to the villages will become virtually non-existent. Cargo only airlines have the advantage of much lower insurance rates because of the lack of passenger liability. (These insurance premiums are charged on a per-seat basis--cargo airlines are not required to carry it). They would also have the benefit of the mail revenues. This would produce a "double jeopardy" situation for the airlines which do carry the passengers--increased liability AND lower revenues. The only alternative would be either to eliminate service completely or raise fares to exhorbitant levels.

The State too would severely be affected. Many of our passengers travel under State funded programs (such as medical programs). Virtually every State agency--State Troopers, Fish and Game, Dep't of Natural Resources, Dep't of Transportation to name a few--purchases tickets on our airline. We also serve

Statewide Charter  
& Contract Flying

Basic & Advanced  
Instruction

Float Plane  
Instruction

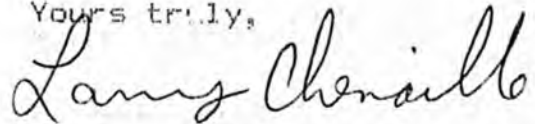
Hunting  
Fishing

school districts such as Yukon Flats and companies which serve the needs of these schools. Tanana Chiefs, the FAA, the list goes on...! If all these organizations are forced to CHARTER in order to accomplish their business the cost to ALL government agencies and in turn to the people of the state would be astronomical. We are already experiencing requests from organizations which serve the villages to DISCOUNT fares due to budget crunches. The rise in fares which would be necessitated by this proposal would make essential travel virtually impossible.

It is absolutely imperative that the legislature THINK ABOUT WHAT IT IS DOING before allowing a situation like this to occur. The future of budgets, departments and most of all the people of the State is at stake!

Thank you.

Yours truly,

A handwritten signature in cursive script that reads "Larry Chenaille".

Larry Chenaille, President

# NORTH SLOPE BOROUGH

## OFFICE OF THE MAYOR

P.O. Box 69  
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor

FEB 24 1987

February 19, 1987



Ms. Betty Cato, Chairperson  
House Transportation Committee  
P.O. Pouch V  
Juneau, Alaska 99811

Dear Ms. Cato:

As all rural leaders, I am concerned with the cost of transportation for both freight and passengers in bush Alaska. The small carriers who provide these services in rural Alaska need adequate revenues to provide their services.

At the present time there are moves at the federal level to allow freight aircraft to deliver mail to communities. Such overflight of hubs will take revenue needed by small carriers to enable them to provide both freight and passenger services to rural Alaska at the present rate.

The proposed changes at the federal level will result in increased passenger fares to rural Alaskans and may impact the safety of such transportation. In addition the reliability and the frequency of services now provided by 401 carriers may be undermined. I recognize your understanding of this issue and give my full support to your resolution concerning air transportation in rural Alaska.

Sincerely,

Edward Itta  
Acting Mayor

cc: Representative Al Adams  
Senator Willie Hensley  
Dennis Roper, NSB Liaison  
Grant Thompson, Cape Smythe Air

FEB 24 1987

Susie T. Akootchook  
P.O. Box 56  
Kaktovik, Alaska 99747

February 17, 1987

Ms. Bette Cato  
Chairperson of House  
Transportation Committee  
Pouch V  
Juneau, Alaska 99811

Dear Bette,

I am a resident of Kaktovik, have been since the day I was born.

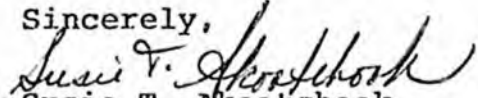
I was approach by an agent of an airline in Kaktovik. I was told how Northern Air Cargo would like to start making runs in the slope which would limit the other airlines we have coming into our village here in Kaktovik. These Air lines we have coming in are doing just fine and they take care of the passengers just as will as they take care of the cargo.

If Northern Air Cargo is going take over the cargo the airfare of the other airlines we have coming into our village may go so many dollars higher and cut their travel here which I sure don't want to see happen especially since our village is so far away from the nearest Hospital.

Please keep in mind that we cannot afford to pay such high airfares as it is now. Also keep in mind our Senior Citizens who cannot afford anymore high airfare to go see Doctors out of our village. This can happen should Northern Air Cargo decide to take over the Cargo leaving the other Airlines with much higher airfare and this would limit the regular schedule flights that we have now.

It would be good if the Northern Air Cargo would reconsider their proposal not to take over the whole cargo route.

Sincerely,

  
Susie T. Akootchook  
Concerned Citizen

cc; file



# ANICA, INC.

ALASKA NATIVE INDUSTRIES CO-OPERATIVE ASSOCIATION INC.

Since 1948

February 20, 1987

The Honorable Bette Cato **FEB 27 1987**  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11 relating to transportation of mail to Mainline and Bush communities in Alaska.

The intent of the resolution is to have the U.S. Postal Service subsidize the passenger air service. What the resolution fails to recognize is that the majority of all people living in rural Alaska, have benefited from the deregulation of the airlines, which in fact has brought more frequent passenger service, along with competitive air freight service to Alaska villages for the first time in many years of airline monopoly of mail service.

It is a known fact that just a few airlines in the State of Alaska who want to control mail service object to competition and favor this House Bill No. 11.

As an Alaska Native owned cooperative which has been in business for over 40 years, serving over 40 different rural Alaska villages, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

Hyrum W. Jepsen  
Anchorage Branch Manager  
ANICA, INC./Anchorage

cc: Rep Adelheid Herrmann  
Rep Al Adams  
Rep Peter Goll  
Rep Lyman Hoffman  
Rep Kay Wallis  
Rep Heinrich Springer  
Sen Jack Coqhill  
Sen Willie Hensley  
Sen Fred Zharoff  
Sen John Binkley

cc: Sen Ted Stevens, U.S. Congress  
Sen Frank Murkowski, U.S. Congress  
Rep Don Young, U.S. Congress  
Hon Preston R. Tisch, Postmaster Gen., USPS  
Clifford Weyiouanna, Pres., ANICA, INC.  
Paul Peck, Gen. Mgr., ANICA, INC.

**BB** **Bristol Bay**  
**NC** **Native Corporation**

800 CORDOVA / P.O. BOX 100220 / ANCHORAGE, ALASKA 99510 / (907) 278-3602  
TELECOPY (907) 276-3924

FEB 21 1987

February 18, 1987

The Honorable Bette Cato  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11 relating to transportation of mail to Mainline and Bush communities in Alaska.

The intent of the resolution is to have the U.S. Postal Service subsidize the passenger air service. What the resolution failed to address is that the majority of people in the Bush and Mainline communities in Alaska depend more heavily upon cheaper freight rates, for the delivery of food and supplies that only cargo carriers can provide, than for cheaper passenger air fare. Presently, air fare into the Bristol Bay is one half of what it was last year and very adequate. This is due to increased competition. Therefore, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

*Donald F. Nielsen*

Donald F. Nielsen  
Senior Vice President

cc: Rep Adelheid Herrmann  
Sen Ted Stevens  
Sen Frank Murkowski  
Rep Don Young  
Hon Preston R. Tisch  
Postmaster General, U.S. Postal Service



FEB 20 1987

February 16, 1987

Representative Bette Cato  
Fifteenth Alaska State Legislature  
First Session, 1987  
House of Representatives  
P. O. Box V  
Juneau, AK 99811

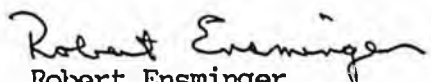
Dear Representative Cato:

This letter is to express MarkAir's support of House Joint Resolution #11.

Current U.S.P.S. mail distribution methods encourage all-cargo aircraft providing infrequent flights into communities. This practice reduces federal funding of the Alaskan transportation system and will result in higher passenger fares and fewer jobs at community passenger airlines.

I am confident that MarkAir is one airline among many who feel that mail revenues are the backbone of the Alaskan passenger transportation system.

Very truly yours,

  
Robert Ensminger  
Vice President Postal Affairs

RE:avn  
(0241T-6)

cc: Representative A. P. Adams  
Representative H. A. "Red" Boucher  
Reed Stoops

Serving Alaska's North Slope  
Post Office Box 549  
Barrow, Alaska 99723  
Telephone (907) 852-8333

FEB 20 1987

## Cape Smythe Air

The Honorable Bette Cato, Chairman  
House Transportation Committee  
P. O. Box V  
Juneau, Alaska 99811

Dear Ms. Cato:

I am writing this letter in support of HJR - 11. I feel it is very important that our state understand the problems that are about to occur in rural Alaska if the larger all cargo aircrafts are allowed to continue to haul the mail past the hubs.

If the all cargo aircrafts are allowed to continue to do this, we will see a great deterioration of the system now in place that has evolved over many years.


The communities of rural Alaska deserve to have good and reliable scheduled services at reasonable rates as other parts of the state. The mail that goes to these communities helps provide revenues that enable carriers such as Cape Smythe Air to provide this service. If the mail is taken away and given to the all cargo carriers then service will have to decline and fares will have to rise.

Cape Smythe Air is a 401 Federally Certified carrier that operates in the Arctic and Northwestern Alaska. We operate from three hubs: Barrow, Kotzebue, and Nome with a total of 73 employees. We are owned by a life long native resident of Alaska, Thomas P. Brower, who has hauled mail in Alaska since back in the days when mail was transported by sailing vessels and dog teams. We have spent lots of money in trying to provide a service that is greatly needed in rural Alaska.

At present we are finding it hard to maintain services due to the cut backs and the declining of revenues that all businesses and the state are experiencing. This makes HJR - 11 even more important because if the US Postal service saves money by giving the mail to the all cargo carriers, then that in turn translates down to less dollars in rural Alaska, the area that will hurt first with declining revenues.

I thank you for your consideration in this matter and appreciate your having this hearing on the 25th. If I can be of any further assistance in this, I may be contacted at 852-8333.

Sincerely,



Grant B. Thompson  
General Manager, Vice President

cc. Al Adams, Representative  
Henry Springer, Representative



# Telegram

FEB 14 1987

08013 NL TDA EMMONAK AK 50 02-12 215P AST

PMS

REP BETTE CATO

0213  
JUNEAU AK

THE CITY OF EMMONAK AND THEIR CITIZENS ARE OPPOSED TO JOINT HOUSE BILL 11 WHICH IS IN YOUR COMMITTEE. THIS WILL HAVE A DETRIMENTAL EFFECT ON OUR LIFESTYLE. PLEASE VOTE AGAINST THIS LEGISLATION.

STAN PETER, MAYOR  
CITY OF EMMONAK

1987 FEB 12 14 25

# Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY  
ANCHORAGE, ALASKA 98502  
TELEPHONE: (907) 243-7701

Mar. 4, 1987

MAR 10 1987

Rep. Adelheid Herrmann  
Pouch V  
Juneau, Ak. 99811

Dear Adelheid:

Enclosed are copies of letters to Senator Stevens and the Alaska Air Carriers Association, explaining our resignation from the AACA.

The AACA now has only 28 members and I feel it has become controlled by a small segment of the industry which is trying to force the Postal Service to favor a few particular carriers to the detriment of the general public.

In particular I feel you should be very careful in supporting HJR 11, as it may affect your constituents for instance in Togiak and St. George.

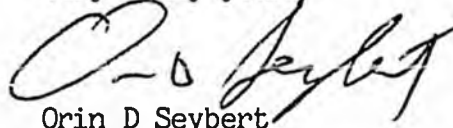
What has happened in those small communities now receiving direct large aircraft mail and freight service is what I would call progress, as their runways have been upgraded to support large aircraft operations it has become economically possible.

If Federal help is necessary to maintain good passenger transportation for some communities and situations (and I agree that Federal help is necessary), there is already exists the perfect program, the Essential Air Service Act, to improve transportation without forcing the Postal Service to operate ineffectively and expensively.

The real effort needed in the coming year is to get the Congress to extend the EAS indefinitely, and possibly expand it to more better cover these situations.

So please don't listen to a few carriers that tell you that if the system isn't changed they are going to hurt passenger service, because whenever I see points not being served properly, I can tell you my company will be there to provide service.

Very truly yours



Orin D Seybert  
President

CC: Sen Zharoff  
Rep Adams  
Rep Cato



# Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY  
ANCHORAGE, ALASKA 99502  
TELEPHONE: (907) 243-7701

Feb. 18, 1987

Alaska Air Carriers Ass'n  
4134 Ingra St. Suite 201  
Anchorage, Ak. 99503

Dear Cindy:

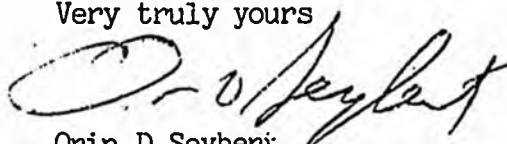
This letter is to inform you of the resignation of Peninsula Airways from the AACA.

While I firmly believe in the concept and the need of an organization to represent the industry as a whole, I am concerned that the membership has dwindled so badly that the Association no longer has a true representation of the industry as a whole.

I truly appreciate the time and effort you have put into the association, we all know it is far over and above what your compensation is, and I certainly hope you can continue your efforts to regain membership and make the AACA a united and state-wide voice of the industry as a whole.

When it is apparent that a majority of the operators see the need and are willing to participate in such an association, I would very much like to have the opportunity to rejoin.

Very truly yours



Orin D Seybert  
President



# Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY  
ANCHORAGE, ALASKA 99502  
TELEPHONE: (907) 243-7701

March 3, 1987

Senator Ted Stevens  
522 Hart Senate Office Bldg  
Washington, D. C. 20510

Dear Ted:

Enclosed is a copy of my letter to The Alaska Air Carriers Association, resigning our membership from that organization.

Out of some two hundred Commercial Operators throughout the State, only 28 now belong to AACA. Of the more than 45 mail carriers on the DOT service list, fewer than 20 belong to AACA.

Since the AACA no longer represents a true cross-section of the industry, I don't feel our name should be used in support of programs we don't agree with, the mail issue being one.

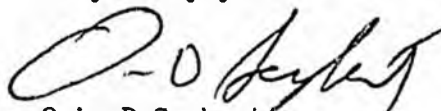
While I do sympathize with the large passenger carriers need to operate profitably while providing convenient service, I don't think the Postal Service should be used to operate inefficiently for its patrons.

If the Federal Government is to help guarantee jet service to Alaskan communities, the proper program to use is the Essential Air Service Act.

My strong feeling is that we should all be working together to prevent termination of the EAS, as the Administration seems to want, as well as extending the program for another ten years.

The EAS funds have been very efficiently used to cover deficiencies in service at specific communities. This program helps guarantee the right of every U. S. citizen to reasonable access to the National Transportation System at much lower cost to the taxpayer than the old regulated subsidy system.

Very truly yours



Orin D Seybert  
President



# Holy Cross Mercantile

R.A. & A.E. Prestegard  
P.O. Box 75  
Holy Cross, Alaska 99602  
(907) 476-7122

MAR 10 1987

February 25, 1987

The Honorable Bette Cato  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11, relating to the transportation of mail, by passenger air carriers, only.

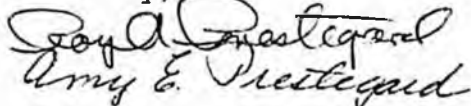
The reason we oppose this resolution, is, if it is passed, the United States Postal Service would be subsidizing the passenger air lines.

These air passenger carriers are concerned with service to their "Main Line" communities only, and not to the bush communities like Holy Cross, who are served by small bush air taxi companies. An example, several years ago, before the all cargo air service we enjoy now, We, Holy Cross Mercantile, ordered several snow-machines. They were promptly delivered to Aniak, by the Main Line Passenger Carrier, then they sat there for 6 weeks waiting for the air passenger carrier to bring in a plane large enough to carry them the rest of the way to Holy Cross. Another example, By-Pass Mail: This is how we order our groceries for the store. By-pass mail is handled by the passenger air line much in the same manner. They drop it off in Aniak and then the bush air taxi people transport it on to Holy Cross, in small planes, 600 to 700 pounds at a time. This takes them anywhere from 3 days to 2 weeks to accomplish. In the process, there was always some loss, damage, spoilage, and pilferage. With the service we now have, an all cargo air carrier, we have no damage, no loss, no pilferage, and its a one day service. Freight costs are down by at least 15¢ a pound, if not more. I could go on and on, but enough is enough.

Mark us down as being opposed to the House Joint Resolution No. 11.

Thank you very kindly for your interest in this matter.

Sincerely,



Roy A. and Amy E. Prestegard

cc: Rep. Kay Wallis  
U.S. Sen. Ted Stevens  
U.S. Sen. Frank Murkowski  
U.S. Rep. Don Young  
Hon. Preston R. Tisch  
Postmaster General, U.S. Postal Service

February 25, 1987

The Honorable Bette Cato  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

We, the people living in Holy Cross, are opposed to the adoption of House Joint Resolution No. 11, relating to the transportation of mail to 'Hub' and 'Bush' communities in Alaska.

We feel that the intent, of the resolution, is to have the United States Postal Service subsidize the passenger air carriers.

Living in Holy Cross, we are more concerned about costs and timely delivery of food and other supplies. Freight cost, which effect everyone of us, is lower now than it ever has been, thanks to an all cargo freight carrier serving Holy Cross. Passenger air fares are also reasonable. We have 3 passenger air carriers now serving Holy Cross. Just recently all of them lowered their fares between Holy Cross and Anchorage...which to us indicates that their revenue is adequate. They don't need to be subsidized by the United States Postal Service, or anyone else.

Therefore we urge that, House Joint Resolution #11 be defeated.

Sincerely,

Residents of Holy Cross, on the Yukon

Roy A. Prestegard  
Amy E. Prestegard  
Sandra E. Bordauer  
Harvey J. Walker  
Jeffrey B. Lyree  
Alden S. Walker  
Laverne Turner  
Bete Turner  
Kathy W. Chase  
Curtis B. Chase  
James Anthony Sr.  
Mary Ann Anthony  
Edward Richards

Miriam Wemientieff  
Wayne C. Walker  
William Sims  
Dorey Turner  
Angela J. Demientieff  
Mary Sims  
Fred A. Demientieff  
Franklin L. Richards  
Mary Helen Demientieff  
Cheryl M. Walker  
Elizabeth M. Johnson  
Ronald L. Demientieff Sr.  
Ronald A. Demientieff  
Dwayne A. Demientieff  
Gordon C. Hellemoer

February 25, 1987

Residents of Holy Cross, opposed to House Joint Resolution #11.

Alfred Demientieff Jr

Robert Edward Jr

Ernest A. Newman

Bruce Gregory

Kesal Savage

David W. Whitley

Jamara Turner

John Luis D

Agnes Gregory

Paul Bednary

Anita Spradlin

Corinne Brown

Anna Demientieff

LeAnn D Lyee

James S. Johnson

Margaret L. Aloysius

Ronnie Turner

Junda Frank

John A. Aloysius

Sharon Turner

Wendy Crombie

John L Deck

Jamer F. Walker

June R. Walker

Scott King Sr.

Herman Gregory

Jane Gregory

Ignatius Gregory Sr.

Linda A. Gregory

Janet Gregory

Boris Richards

Herald H. Walker

Rita A. Paul

Jeddy Edwards

Eva J. Edwards

Clyde Edwards

Constance H. Walker

David P. Walker

Julie Demientieff

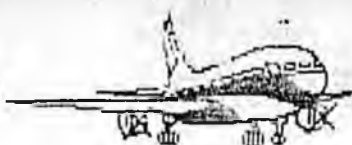
Ann F. Edwards

Joseph A. Paul

Glenn G. Richards

Daniel P. Brown

Richard Miller



## HOLY CROSS LOOSES

### NORTHERN AIR SERVICE

According to House Joint Resolution Number 11, dated January 30, 1987; we are in possible trouble.

Norc Air is trying to get legislation passed - that would eliminate Northern Air Cargo from visiting our community.

"Whereas it is critical to the provision of adequate passenger service in Alaska that the U.S. Postal Service equitably apportion contracts for the carriage of mail among carriers and that the U. S. Postal service seriously consider the level of passenger service offered by carriers to each affected community in awarding contracts for carriage of mail".

Can you imagine a return to very few fresh vegetables, meat, or other items in our stores? Can you imagine a small air carrier bringing in your large piece of equipment or furniture?

I believe that our cost of shipping large items will increase quite a bit, compared to what it is now.

We have grown accustomed to the finer things of life - does someone else have the right to change things for us?

The Northern Air agent has been contacted - and will have a petition to sign - if you want to keep things the way they are now.

If you are the person that likes to write letters (50 words or less) - here are a few names of people who should "listen" to you.

Representative Al Adams  
Representative Kay Wallis  
Representative Hdelheid Herrmann  
Representative Heinrich Springer

If you are the person that likes to talk on the phone - here is a number.

Legislative Affairs Office  
Anchorage, AK  
\*\*\*Phone: 278-3688\*\*\*

This matter goes to hearing in Juneau on Wednesday February 25, 1987.

This article does not represent the IASD School District views or policy. I am writing this because - I live in Holy Cross and consider this my home.



## ATV Contest

During the month of March - we will have a person from the Health Corporation - on site to talk about three and four wheel safety. I understand that we will have contests for the students and community.

There is a possibility that trophies will be awarded to the best participants.

--Watch for further information--

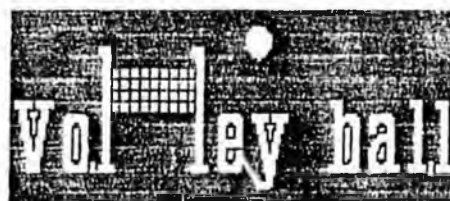
## Basketball

### HOLY CROSS

vs

### McGRATH

HOLY CROSS 62  
McGRATH 45



### HOLY CROSS

vs

### McGRATH

HOLY CROSS 2 SETS  
McGRATH 1 SET

## SPECTACULAR BIG EVENT!

Some of our students will be attending the SWABB meet in McGrath this coming week. The meet will be February 26-28.

Those eligible will be notified this Friday February 20, 1987.

The letters stand for (S)skiing; (W) writing; (A) art and (BB) battle of the books.

The students are expected to participate in two of the events.

This is a tough competition and we send our best wishes with our team.

We are winners !!

## COMING SOON!

The next printing of the newspaper will feature the Kindergarten and First grade.

The students will be writing stories and drawing pictures for you.

At present the staff plans to have students help with the collection, editing, and printing of the INJUN BULL.

The staff of the school wishes to thank you for your support.

We are the PRIDE OF THE YUKON



# INJUN BULL

## HOLY CROSS SCHOOL

### NEWSPAPER

VOL. 87  
NO. 1



CREATED BY THE STUDENTS AND STAFF

## ART IN SCHOOL



This week we have Bev Shupp visiting us from McGrath.

She is an art teacher, and will be teaching our students many different types of art.

You will see many projects done by our children by the end of the week.

Bev will be leaving us this Friday or Saturday.

Many thanks to Bev !!



## Tutor Program

During the week of February 16-21 the school will begin a new program.

The tutor program will help some of the students in subjects they are having trouble with.

The skills to be taught are reading comprehension, main idea, basic skills, problem solving and study skills.

The tutors will be Mary (Sims), Judi (Walker) and LeeAnn (Tyree).

Congratulations to the lucky students.

## ELIGIBILITY



The recent policy code adopted by the ASB concerns the eligibility rules for the students wishing to attend a school sponsored trip.

In a nut-shell the policy states -- students are responsible for their conduct in school, grades, attendance and homework.

Students and parents/guardians will be notified by the school 5

(five) school days before an event, whether a student is eligible to go on a trip.

This policy is in accordance with the ISD School Board policy.

## Community Education

James Anthony Jr. is our new Community Education person. He started the job February 10, 1987.

Willie is responsible for many duties. Some of which are: directing events

for the Elders, young children, care of the gym and setting up local contest events.

The students will notice that one of the school policies will now be enforced.

If students are reported to the office for -- excessive tardies; homework not turned in; discipline problems or truancy -- they will not be allowed to participate in activities for a period of one week.

This policy goes hand-in-hand with the eligibility code of our school.



## THE STOPS HERE

## MID-TERM GRADES



This week marks the middle of the third nine weeks of the school year.

As usual, the teachers will be contacting you with student grades and recommendations for improvement.

The mid-term reports are necessary tools. They let you know where your child needs help and lets the students know exactly what they have to work on.

NOORVIK IRA COUNCIL  
P.O. Box 71  
Noorvik, Alaska 99763

MAR 15 1987

March 13, 1987

The Honorable Bette Cato  
Chairwoman, Transportation Committee  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Chairwoman Cato:

The Noorvik IRA Council, on their March 9, 1987 meeting, opposed the adoption of House Joint Resolution No. 11 relating to transportation of mail to mainline and bush communities in Alaska.

The resolutions main concern is for the provision of scheduled passenger air service, without and reference to what might occur to freight rate costs if the formula proposed by the resolution is adopted. The IRA Council's concern is that, under the proposed formula, freight costs would go up and delays in mail/freight services to the villages would occur.

Presently, with the air carrier competition, Northwest Area villages including Noorvik, have greatly benefited through cheaper freight rates and air fares and more flights for mail delivery. The people of Noorvik are more dependant on cheaper freight rate costs, then they <sup>are</sup> on cheaper air fares, because of the impact it has on the cost of living. For that reason, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

NOORVIK IRA COUNCIL

*Donald G. Sheldon*  
Donald G. Sheldon  
General Manager

/ds

cc: Rep. Al Adams  
Sen. Ted Stevens  
Sen. Frank Murkowski  
Rep. Don Young  
Hon. Preston R. Tisch,  
Postmaster General  
Noorvik City Council