

HJR

42

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HJR 42 AM

Revision Date: _____ Dept. Affected: DOT&PF
 Title: Relating to Regulation of Water Camers BRU: Office of the Commissioner
 Serving Alaska: _____ Component: Commissioner's Office
 Sponsor: House Transportation Committee
 Requester: House Transportation Committee COMPONENT SERIAL NO. 530

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department of Transportation and Public Facilities supports the intent of this legislation. It is the desire of the Department to have a Federal agency responsible for oversight and regulation of the shipping industry which integrally connects Alaska to the lower 49 states. If there is a reorganization of Federal DOT, maintaining local district and regional offices is important. The established communication links should remain in place.

Prepared by: Sam Kcho III Phone: 485-3904
 Division: Commissioner's Office Date: 4/17/95
 Approved by Commissioner: [Signature] Date: 4/26/95
 Agency: Department of Transportation and Public Facilities

PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HJR 42

Revision Date:	Dept. Affected: <u>Dept. of Transportation & PF</u>
Title: <u>Relating to Regulation of Water Carriers</u>	BRU: <u>Office of the Commissioner</u>
Serving Alaska	Component: <u>Commissioner's Office</u>
Sponsor: <u>House Transportation Committee</u>	
Requester: <u>House Transportation Committee</u>	COMPONENT SERIAL NO. <u>530</u>

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department of Transportation and Public Facilities supports the intent of this legislation. It is the desire of the department to have a Federal agency responsible for oversight and regulation of the shipping industry which integrally connects Alaska to the Lower 48 states.

This legislation has no anticipated fiscal impact to the State DOT&PF

Prepared by: Saor Kito III
 Division: Commissioner's Office
 Approved by Commissioner: [Signature]
 Agency: Department of Transportation and Public Facilities

Phone: 465-3904
 Date: 4/17/95
 Date: 4/15/95

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

SENATE COMMITTEE REPORT

DATE: 4/26/95

FURTHER:

DATE TURNED INTO OFFICE: 4/27/95

Transportation Committee considered HOUSE JOINT RESOLUTION NO. 42 am
 Relating to regulation of water carriers serving Alaska.

and recommends:

- be replaced with _____ CS _____
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical change

new: SCR^o _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Philip L. Taylor</i>	✓		
		<i>Syda Green</i>	✓		
CHAIR: <i>Steve Meyer</i>	✓				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

DOT PF	4/2/95	✓		

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

DOT PF	4/2/95	✓		

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Alaska State Legislature

House of Representatives



Transportation Committee

SPONSOR STATEMENT

HOUSE JOINT RESOLUTION 42

Relating to regulation of water carriers serving Alaska.

House Joint Resolution 42 urges Congress to transfer the current regulatory system for water transportation between Alaska and the Lower 48 from the Interstate Commerce Commission to the United States Department of Transportation.

Congress is currently considering legislation that would repeal the existing authority of the Interstate Commerce Commission to regulate water carriers. Considering Alaska's significant dependence on water transportation, the abolishment of this regulating authority would eliminate the current forum for shipper complaints and tariff filing.

HJR 42 appears to have garnered wide support from both the shippers and their clients. It seems that this particular form of regulation has not been overly intrusive and benefits all parties concerned.



April 19, 1995

The Honorable Gary Davis
Alaska House of Representatives
Mail Stop 3101, Room 420
Juneau, Alaska 99801

Re: House Joint Resolution No. 42

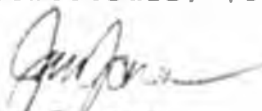
Dear Representative Davis:

We support efforts to transfer the current regulatory system for water transportation between Alaska and the 48 contiguous states from the ICC (should it be abolished) to the Department of Transportation (HR 42).

We believe that certain controls on tariff filings and a mechanism to deal with complaints should be preserved. The shipping public and transportation carriers need this stability.

Lynden Transport, Alaska West Express, and Alaska Marine Lines (Lynden subsidiaries), all support HR 42.

Respectfully yours,


Jim Jansen
President

JJ:inc

SeaLand

STUART R. BREIDBART

SeaLand Service, Inc
150 Allen Road
Liberty Corner, New Jersey 07938

Vice President, Law and
Regulatory Affairs
(908) 604-3202
(908) 604-3110 (Fax)

VIA FAX (907-465-3835)

April 7, 1995

Mr. Darin Morgan
Office of Alaska State Representative
Cery L. Davis

Re: Regulation of Carriers Serving Alaska


Dear Mr. Morgan:

Thank you for providing us with the opportunity to review the draft House Joint Resolution relating to regulation of water carriers serving Alaska.

Confirming our telephone conversation, Sea-Land supports the proposal to transfer the current regulatory system for transportation between Alaska and the 48 contiguous states from the Interstate Commerce Commission to the U.S. Department of Transportation.

If you have any questions or if we can be of assistance, please contact me or Jim McKenna, our Alaska General Manager in Anchorage. Jim can be reached at 907-263-5600.

Sincerely,



SRB/bc

cc: ANCHORAGE - J. McKenna

LETTERS OF SUPPORT

Mailing Address: P.O. Box 2566, Elizabeth, New Jersey 07207
(908) 558-6000



TOTEM OCEAN TRAILER EXPRESS, INC.

1100 OLIVE WAY, SUITE 1100 • SEATTLE, WASHINGTON 98101

P.O. BOX 24908 • SEATTLE, WASHINGTON 98124

PHONE 206 428-4343 • FAX (206) 628-9245

Robert P. Magee
President

March 8, 1995

The Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

VIA FAX 202-225-0425

Attention: Chris Fluhr

Dear Congressman Young:


I understand that the House Committee on Transportation and Infrastructure will soon be marking up legislation that could repeal all regulation of the Alaska trade. I believe this would be a serious mistake and urge you to support efforts to transfer the current regulatory system for Alaska from the Interstate Commerce Commission to the Department of Transportation.

TOTE is committed to serving the needs of Alaskans. Our Alaskan customers — particularly small businesses — tell us that they want to preserve tariff filing and the other essential elements of the current regulatory system in Alaska. Our customers are willing to pay a fair price for good service, and we believe we provide them with excellent service. Our customers also believe that the rates they pay should not be subsidizing someone down the street or across the ocean, and that publicly filed tariffs are the best way to achieve that objective. I have to agree with that.

I also agree with you that we do not need additional federal bureaucracy, but water transportation to Alaska is an area where there is a clear need and necessary role for the federal government. The ICC has provided regulation that has not been overly intrusive, but has assured fairness and provided a forum for shipper complaints. It should not be expensive to transfer the current system. There is no good reason that it should take more than one full time Department of Transportation employee to take over the entire system as it relates to Alaska.

Last fall TOTE supported the Alaska delegation in its successful efforts to retain tariff filing by water carriers in the Alaska, Hawaii, Puerto Rico and Guam trades, even though tariffs were eliminated in the lower-48. That was sound public policy then and it still is. I again urge you to preserve the current ICC regulatory system for Alaskans and to transfer it to the Department of Transportation. Please contact me if you have any questions or if I can provide you with any additional information.

Very truly yours,


Robert P. Magee
President & CEO

ALASKA MOVERS ASSOCIATION

224 MINNESOTA DRIVE, ANCHORAGE, ALASKA 99503

April 9, 1995

Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0231

Attn: Chris Fluhr

Dear Congressman Young:

The Alaska Movers Association (AMA) is concerned about the planned demise of the ICC as it relates to the regulation of water carriers in the Alaska trade.

The AMA represents agents and van lines serving the Alaska moving industry. The majority of its members are small Alaska owned businesses.

We are concerned because of the oligopolistic market power of the two major water carriers and their ability to manipulate freight rates without proper governmental checks.

The ICC has required the filing of tariffs by Sealand and TOTE, and this process has to some extent prevented oligopolistic market price control by these carriers.

We believe that both carriers are good corporate citizens and that neither one intends to abuse their economic power. However, we feel that some tariff protections is in the best interests of the Alaska consumer. The ICC has provided industry with the legal protection necessary to publish tariffs and we feel that this is still important for Alaska.

We believe that these functions of the ICC can be given to the FMC or the DOT, and we would appreciate your looking into it.

Sincerely,

Greg Wakefield,
President

cc: Jeff Neek TOTE



Anchorage Cold Storage Company

A DIVISION OF THE ODOM CORPORATION

Fine Foods and Beverages

40 WEST FRONT AVENUE	13000 LPGA - DENALI	ENTERPRISE ST
ANCHORAGE, ALASKA 99501	ANCHORAGE, ALASKA 99507	ANCHORAGE, ALASKA 99507
PHONE 273-0500	PHONE 273-0500	PHONE 273-0500

April 10, 1995

Honorable Ted Stevens
 United States Senate
 522 Hart Building
 Washington, DC 20510-0201

Dear Senator Stevens

I am writing you to urge opposition to any legislation that would repeal ICC regulations of water carriers in the Alaska trade.

The Odom Corporation does business throughout the entire state of Alaska depending on water freight carriers in one form or another to get these goods from the lower 48. To Anchorage we receive as many as 75 van loads a week from Tacoma. As you can imagine, freight cost affects the bottom line of our business. You may or may not know that in the late '50's my father, Mill Odom, got involved and later owned the Alaska Freight Lines Company. His purpose in doing this was to prevent the Alaska Steam Ship Company from having a lock on the majority of the business in the freight coming to Alaska, and he didn't want to be at the mercy of one shipping company.

I'm afraid without ICC regulations that the larger of the two dominant freight haulers would undercut freight rates to a point where the lesser freight company could not operate profitably. This may leave us in the unfavorable position of having only one major shipper servicing Anchorage. On the other hand, it could be argued that the shippers could raise prices to whatever the market would bear. This could be just as devastating a situation - not just for wholesalers like myself paying higher freight rates - but retailers and consumers paying as well. When there's only two main players in the market, it doesn't leave you with any other alternative but to pay their asking price.

I hope you take all this into account when considering your vote on any legislation regarding ICC.

Sincerely,

ANCHORAGE COLD STORAGE COMPANY

William L. Odom
 Executive Vice President

WLO/mj

ALASKA TRUCKING ASSOCIATION, INC.

3443 Minnowada Drive • Anchorage, Alaska 99503 • PHONE (907) 276-1149 • FAX (907) 274-1846

April 12, 1995

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Attn: Chris Fiehn

Dear Congressman Young, "Mr. Chairman"

I am writing on behalf of the three-hundred companies that represent the membership of Alaska Trucking Association. The purpose of this letter is to encourage you to oppose any legislation that would repeal ICC regulation of water carriers in the Alaska market.

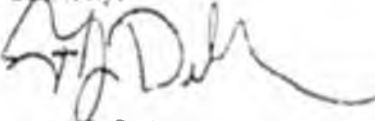
The goods needed by Alaskans, are brought up by ships and distributed by trucks throughout the state of Alaska. Alaska Trucking Association members deal on a daily basis with all the major water carriers in the state. It is our belief as an association that the lack of ICC oversight would be detrimental to the citizens and the economy of Alaska.

Transportation systems do not fair well under conditions of unbridled competition. The overall importance of transportation would seem to indicate oversight of such transportation operations as a legitimate government function.

The filing of tariffs and the fact that there is someone for a small shipper or trucker to turn to if there is a dispute further bolsters the argument for continued ICC oversight.

Please have your staff contact me if I can be of any further assistance on this issue and again please oppose any legislation that would repeal ICC regulation of water carriers in the Alaska market.

Sincerely,



Frank J. Dillon
Executive Director,
Alaska Trucking Association

P.S. If it cannot continue to be regulated by ICC perhaps there is another existing agency that could shoulder the task.



Carlisle

CAHLILE ENTERPRISES, INC.

1324 3rd Avenue • Anchorage, AK 99501 • 907/253-7797

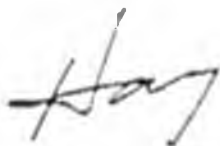
Speaker Gail Phillips
Alaska House of Representatives
State Capital
Juneau, Alaska 99801

Dear Gail:

I enjoyed visiting with you last week and appreciate the time you set aside for us. You may recall asking me about a resolution proposed by Mr. Bob McGee of Totem Ocean Trailer Express, which would support a federal effort to transfer the regulatory system of tariffs from the Interstate Commerce Commission to the Federal DOT when the ICC goes away. This would apply to Alaska and Hawaii, which are served via ship.

After discussions with various shippers and other transportation people, I feel that this would be good for Alaska and urge you to pass the resolution proposed by T.O.T.E. If I can be of any help please give me a call. The ATA board had not met as yet and while I anticipate their position will be the same this letter is from my company only. Thanks again for your support of Transportation.

Sincerely,



Harry McDonald
President

Wrightway Auto Carriers, Inc.

101 West Whitney Road
Anchorage, Alaska 99501
907/272-4549 Fax (907) 272-7370

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Attn: Chris Fluhr

April 3, 1995

Dear Congressman Young,

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers the Alaska trade.

Wrightway Auto Carriers is a vehicle transportation company. We are the largest delivery service of new units to dealerships as well as movement of vehicles for corporate moving companies and personally owned vehicles in the state of Alaska. Sea-Land and TOTE are the water line carriers for 100% of our interstate service and a large portion of our intrastate service. ICC regulation keeps the carriers honest. They have been fair most of the time, but we were glad that the Mayor of Anchorage could go to the ICC last spring and get the carriers' attention. We think the Mayor's action was very successful in keeping rates down, and are afraid that without the ICC there would be nothing to stop Sea-Land and TOTE from charging whatever the market would bear.

Wrightway is under cost sensitive freight requirements by all of the major manufacturers (i.e., Ford, Chrysler). The carrier of today must also meet strict standards on new equipment requirements and standards set forth by manufacturers for safety along with the DOT. If congress abolishes the ICC, what will happen to tariffs? What would prevent the big shippers from demanding low rates and forcing the carriers to increase rates to small shippers like us? It is hard enough to stay alive as a small business today. Taking away tariffs and the ICC would make it even harder for us to stay in business.

We are in favor of reducing the federal budget, but do not see how it could cost very much to maintain tariffs and be a watch dog over the carriers. Without the ICC we bet we'd pay more in freight rates than the taxes we would save by repealing regulation. The system we have today works well for us and is worth every penny. We hope you will work to make sure it continues to work for all of us in Alaska.

Very truly yours,

William F. Wright, President

WFW/klm

Identical letters sent to
Markowski
Young
Knobles
Lynden



LYNDEN INCORPORATED
1029 W. Third Ave. Suite 150
Anchorage, Alaska 99501-4010
907-278-7501
Fax: 907-278-4590

April 3, 1995

Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510

Re: Elimination of the Interstate Commerce Commission (ICC)

Dear Senator Stevens:

We understand that legislation is pending that would eliminate the ICC. The result would be unfortunate for the shipping public and the motor and water carriers in Alaska.

The current system provides for published tariffs, a degree of control and stability and a process for complaints and investigation.

If the ICC is in fact eliminated, I urge your support of alternative regulations or transfer of these functions to the Department of Transportation.

Thank you for your consideration.

Sincerely yours,

LYNDEN

Jim Jensen
President

JJ:am

ALASKA RAILROAD CORPORATION



Corporate Address: P.O. Box 107500, Anchorage, Alaska 99510
327 W. Ship Creek Avenue, Anchorage, Alaska 99501

Executive Office
(907) 263-2403
Fax (907) 259-1456

March 27, 1995

The Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515-7207

Dear Congressman Young:


It has come to my attention that federal legislation is pending which may eliminate the Federal Maritime Commission. The net result of this action would be to remove any regulation of the domestic water carrier trade between the lower 48 and points in Alaska.

It would be unfortunate to eliminate all regulation of water carriers in the Alaska trade. The current system, including subsidies, tariffs, provides a certain level of predictability that benefits shippers and consumers. Complete deregulation of water carrier transportation may well create unneeded instability and have other detrimental impacts.

Accordingly, I urge your support to maintain these arrangements, or to adopt an alternative proposal transferring regulation of water carriers in the Alaska trade to the U.S. Department of Transportation.

Thank you for your consideration of these views. Please give me a call if you have any questions.

Sincerely,



Robert S. Hatfield
President & CEO

cc ARRC Board Members



Northern Meats, Inc.

P O BOX 190518
ANCHORAGE, ALASKA 99519-0518
PHONE: (907) 561-1729

April 9, 1995

The Honorable Sen. Young
U.S. House of Representatives
2331 Rayburn House Office Bldg.
Washington, D.C. 20515-0201

Dear Congressman Young:

I am writing to request your involvement and support in opposing the current bill undergoing markup in the House that would eliminate the I.C.C. and eliminate regulation of the water carriers serving the Alaska trade.

My company, Northern Meats, needs some regulation of the Alaska trade as it helps keep me competitive and provides a safety net for me as a small shipper.

It appears that the I.C.C. will be eliminated but I urge you to support the transfer of the regulatory functions pertaining to Alaska to the Dept. of Transportation.

Any support you can provide in this effort is appreciated.

Sincerely,

Jerry Erling
President



ANCHORAGE INDEPENDENT LONGSHORE UNION, LOCAL NO. 1

BOX 10 2092 - TEAMSTERS MALL
ANCHORAGE ALASKA 99510

April 5, 1995

Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515-0201

Dear Congressman Young,

This is written to ask you to oppose any legislation that would repeal federal regulation of water carriers in the Alaska trade.

I represent the Anchorage Independent Longshore Union Local #1. Our membership totals 400 workers in the State of Alaska. Most of our members are employed by both TOTE and SEALAND as an essential part of their work force.

ICC regulations assist in maintaining honest competition by enforcing tariff filing and other essential elements of the regulatory system for our State. Our workers, who are also consumers in the Alaska economy, demand fair prices for the goods they buy; fairness that is insured by a regulated transportation system.

Although I am in favor of reducing the federal budget, I don't see how it could cost very much to maintain tariffs and be a watchdog over the carriers. It should not be expensive to transfer a portion of the current system as it relates to Alaska regulations to another federal agency such as the D.O.T.

The current system works well for me and my members, and is worth every penny. I hope you will work to make sure it continues to work for all of us in Alaska.

Sincerely,

Robert A. Witt Jr.
Business Manager/Financial Secretary
Anchorage Independent Longshore Union

RAW/ltw

cc: See Attachment



General Teamsters Local 959 State of Alaska

affiliated with the International Brotherhood of Teamsters

ANCHORAGE, ALASKA 99501 FAX 907/266-1127 SEASIDE, ALASKA 99571 FAX 907/337-6668 GERARD L. HOOD Secretary/Treasurer

THUNDERBOLT, JUNEAU, ALASKA 99801 FAX 907/582-2000 JUNEAU, ALASKA 99801 FAX 907/582-2000 JUNEAU, ALASKA 99801 FAX 907/582-2000 JUNEAU, ALASKA 99801 FAX 907/582-2000

April 6, 1995

Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Dear Congressman Young:

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers in the Alaska trade.

I represent Teamsters Local 959, whose statewide membership totals 7,000 workers in the State of Alaska. Many of our members are employed by both TOTE and SeaLand as an essential part of their work force.


I believe that ICC regulation maintains honest competition by enforcing tariff filing and other essential elements of the regulatory system in our State. Our workers, who are also consumers in the Alaska economy, demand fair prices for the goods they buy; fairness that is insured by a regulated transportation system.

I am all in favor of reducing the federal budget, but I don't see how it could cost very much to maintain tariffs and be a watchdog over the carriers. It should not be expensive to transfer a portion of the current system as it relates to Alaska regulations to another federal agency such as the D.O.T.

The system we have today works well for me and my members and is worth every penny. I hope you will work to make sure it continues to work for all of us in Alaska.

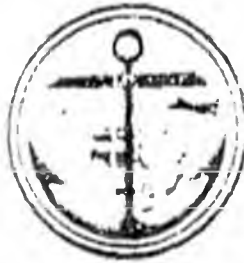
Very truly yours,

TEAMSTERS LOCAL 959


Gerald L. Hood
Secretary/Treasurer

/w/

Municipality
of
Anchorage



P.O. Box 196680
Anchorage, Alaska 99519-6680
Telephone (907) 343-4431
Fax (907) 343-4991

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

April 14, 1995

The Honorable Don Young
House of Representatives
2332 Rayburn House Office Building
Washington, D.C. 20515-0201

Dear Congressman Young:

We have received numerous letters regarding the possibility that Congress may act to abolish the Interstate Commerce Commission, the agency that regulates maritime freight transportation to Alaska.

Most of the letters express concern about the impact of this proposal on Alaska, especially in terms of stability of service and freight rates. Since marine transportation is the primary vehicle for freight shipped to the state, virtually all Alaskans will feel the effects of deregulation.

Several of the letters received have suggested that in the event the ICC is abolished, regulatory authority of the Alaska marine freight industry should be transferred to the Department of Transportation.

If Congress does act to eliminate the ICC, I hope you will consider the suggestions and concerns of our mutual constituents.

Sincerely,

Rick Mystrom
Mayor



March 31, 1995

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington DC 20515-0201

Dear Congressman Young:

The purpose of this letter is to request your support in opposing the current House Bill for any future legislative act that would repeal ICC regulation of water carriers in the Alaskan market.

Matanuska Maid Dairy is one of only a few manufacturers in Alaska and as such depends on reliable, cost effective freight relationships with both Sea Land and Totem (Oceanic) Express. Without the ability to access reasonable freight rates on raw materials and finished products, manufacturing in Alaska will be most difficult, maybe even impossible. Regulation by ICC helps promote honesty in the freight business. In the Alaskan market, competition is limited and some degree of that

we ship a lot of freight, we would not be considered a large shipper. We would like to show that the "rules" of the "game" are identified. We have found negotiations with the water carriers. If legislation were enacted that would change the "rules" that will become of the "land" concept? What power will smaller shippers have in obtaining the reasonable freight rates? I am concerned that without ICC regulation, mutual trust, party, confusion will result.

**Alaska's Freshest
Dairy Products**

314 West Northern Lights Blvd
Anchorage, Alaska 99503

P.O. Box 89015
Anchorage, Alaska 99509-8015

Tele: (907) 561-5323 Fax: (907) 563-7492



The federal budget needs attention. I am sure that many programs can be eliminated to reduce costs and not cause a burden to society. However, I believe that the ICC provides a valuable service to the Alaska freight market. I do not doubt that the dollars saved through taxes will offset the increases that we will pay in increased freight charges.

Sincerely,

Joseph W. Van Treec
President

cc: Hon. Ted Stevens
Hon. Frank Murkowski
Hon. Tony Knowles
Hon. Rick Mystrom

/md



MARCH 30, 1995

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Attn: Chris Fluhr

Dear Congressman Young,

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers for the Alaska trade.

Alaska Fish and Farm Products is in the Foodservice Distribution business in Alaska and has been for over 50 years. We ship food products to Anchorage weekly via TOTE. The shipping is all done via water transport. This is the least expensive way to ship and the most expedient. We like most any other shipper rely on carriers like TOTE and Sea-Land for all of our freight to Alaska.

ICC regulations provide two very important items to shippers, first, it keeps the carriers honest; second, it provides a place for a small company to go to in the event of a problem with the carrier. If all that ICC does is abolished then it will force us to use the already over burdened court system to resolve a problem.

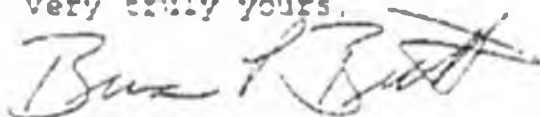
In Alaska we have been fortunate by having localized government be responsive to concerns with costs of the carriers. Last spring the Mayor of Anchorage was successful in helping to keep rates down but only because there is a printed tariff. Without the ICC this market will explode into a free for all in the shipping trade. If other carriers moved into the market we might see some lower prices. But for only a short period of time. Ultimately the shippers would suffer. If only TOTE and Sea-Land remain to be the only carriers for Alaska they would have virtually a free rein in terms of pricing because there would longer be a published tariff.

With the existing ICC regulations the carriers are required to file tariffs indicating the costs of shipping for everyone. The tariffs ensure that regardless as to how big or small a company you are you know what the rates are and that they are guaranteed. Not all company's receive the same rates as not all company's ship the same volume but we must at least know that we are all treated fairly

based upon on usage. In other words there is a level playing field. If Congress abolishes the ICC, what will happen to the tariffs? What would prevent the big suppliers from demanding low rates and forcing the carriers to increase rates to small shippers like me? It is difficult to stay alive as a small business today. Especially with the national firms doing business in our market.

I am all in favor of reducing the federal budget. I believe that it would not cost much and would be a greater value overall to continue the work of the ICC for the water shipping from Washington State to Alaska. Without the ICC I am confident that I would pay more in freight rates than the taxes I would save by repealing this regulation. This is one system that has proven to work. I hope you will work to make sure it continues to work for all of us in Alaska.

Very truly yours,



Brian F. Blatt
General Manager



Anchorage - Star of the North
Chamber of Commerce

Anchorage Chamber of Commerce
ICC Resolution
94/95-14

WHEREAS both President Clinton and the leaders in Congress support legislation to abolish the Interstate Commerce Commission (ICC), and such legislation seems likely to pass Congress in the near future; and

WHEREAS the ICC regulates interstate marine transportation to and from Alaska, as well as interstate trucking in the Lower 48; and

WHEREAS the expected benefits of deregulation coming from the abolition of the ICC will in fact come about chiefly through increased competition, and

WHEREAS the market for interstate marine transportation to and from Alaska is too small to attract significant new competition if there is deregulation of that market, and this in turn means that the market for interstate marine transportation to and from Alaska is likely to continue to be dominated by the same two marine transportation carriers that currently dominate it;

WHEREAS the small interstate shippers to or from Alaska are likely to suffer under deregulation of the interstate marine transportation market to and from Alaska, since there will be no regulatory body to which they can turn to protect their interests and there will be inadequate competition for their business to allow them to protect their interests on their own by pitting one carrier against another for their business.

WHEREAS it is anticipated that federal regulation of interstate marine transportation to and from Alaska, including all associated tariff filing costs will be held to an absolute minimum if this regulation were transferred to the U.S. Secretary of Transportation when the ICC is abolished.

Post-Net Fax Note	787:	Date 4/12/95	Page 2
To		From	201 Nigman
Co/Dept		Co	ICC
Phone #	2195-7232	Phone #	272-2401
Fax #	272-5401	Fax #	272-4117

NOW, THEREFORE, BE IT RESOLVED by the Anchorage Chamber of Commerce:

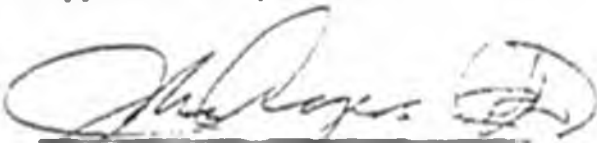
1. That the chamber supports the abolition of the Interstate Commerce Commission provided its regulatory functions over interstate marine transportation are preserved and transferred to the U.S. Secretary of Transportation or similar federal official;

2. That the chamber respectfully asks the Alaska Congressional Delegation to strive to ensure the transfer of the ICC's regulatory functions over interstate marine transportation to the U.S. Secretary of Transportation or similar federal official when the ICC is abolished;

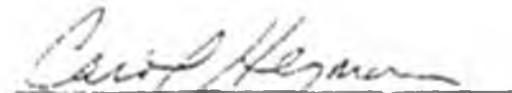
3. That the chamber respectfully asks the Alaska State Legislature and the Municipality of Anchorage to adopt resolutions supporting the transfer of the ICC's regulatory functions over interstate marine transportation to the U.S. Secretary of Transportation or similar federal official when the ICC is abolished, and to transmit copies of such resolutions to Alaska's Congressional Delegation as soon as possible, inasmuch as Congressional action on the legislation is likely to come quickly; and

4. That copies of this resolution be transmitted forthwith to the Alaska Congressional Delegation, to the Alaska State Legislature, to the Municipality of Anchorage, and to the press.

Approved on April 7, 1995



John Ayers 1994-95 Chairman



Carol Heyman, President

FAIRBANKS DISTRIBUTORS



1851 Fox Avenue
Fairbanks, Alaska 99701

Phone: (907) 456-7088
Fax: (907) 451-0438

April 25, 1995

Chamber of Commerce Transportation Committee
Greater Fairbanks Chamber of Commerce
Fairbanks, Alaska

Subject: Requested Considerations and Changes: Resolution 95-0410

A Resolution Relating to Regulation of the Water Carriers Serving Alaska

Dear Chamber of Commerce Transportation Committee Members:

Thank you for consideration of my concerns regarding the above referenced Resolution. Please accept my apologies for being "late" on this issue, my schedule, and your meeting schedule, have not allowed me to attend your prior two meetings at which this issue was discussed.

This issue has consumed a great deal of my time over the last eight years and I appreciate the opportunity to present my opinion on what I consider to be a very important action on the part of our Chamber. I am sure you will agree that all sides of this issue must be aired and objectively analyzed before knowledgeable action can be taken.

This resolution may appear to be a rather benign, but, in fact, it is extremely important to the people of the Interior. This resolution directly affects the pocketbook of 80% of all Alaskans and 100% of all people in the Greater Fairbanks/North Pole area. Resolution 95-0410 addresses the current and future costs of bringing a broad assortment of goods, nearly 100% of what we use in our daily lives, from the Pacific Northwest to the Port of Anchorage and on to areas beyond the Anchorage bowl. Additionally, this Resolution may be a very important component in the process currently underway in our Congress as they reshape how we are governed and/or regulated.

This resolution is currently before you because of three factors:

- 1) The current mood in the United States Congress, and the November 1994 mandate of the citizens of the United States, to limit the affect that government plays in our daily lives. This mood has led to the Clinton Administration, led by Secretary of Transportation Federico Pena, to issue a position paper, written to Vice-President Gore and Congressman Newt Gingrich, which states:

"It is now time to eliminate those elements of economic regulation that provide no benefits and to enhance the productivity and competitiveness of the United States industries in domestic and world markets. To accomplish this purpose, I am transmitting a bill:

'To amend subtitle IV of Title 49, United States Code, to eliminate unnecessary regulation of transportation industries, to streamline regulation of rail carriers, to sunset the Interstate Commerce Commission, and for other purposes.'" (Author's emphasis added) (Letter from Secretary Pena to Vice President Gore and Representative Newt Gingrich - April 5, 1995).

- 2) The November 1994 elections placed our Alaskan Senators and our Representative in very powerful committee seats which deal directly with these very issues.
- 3) The water carriers (Totem Ocean Trailer Express, Inc. (TOTE) and Sea-Land, Inc. a division of CSX, Inc.), which transport the goods that are so vital to Alaska, are concerned about a total elimination of regulation of the Alaska water carrier freight trade. This would very well happen if the ICC was sunsetted as proposed by Secretary Pena.

If Congress does bring an end to the Interstate Commerce Commission, resolution 95-0110 encourages Congress to place the regulatory functions of the ICC within the Department of Transportation. This may or may not be acceptable depending on other components of the freight rate structure as it deals with Alaska.

With this as background, I would respectfully request that you consider the following:

We must address three vital points when considering changes to the manner in which Alaskans are regulated or unregulated, regarding the costs of transporting, by water carrier, goods to our State:

Point 1) Free Market Validation

The costs borne by the customers are free market validated.

All rates and charges are public knowledge, there are no secret "contracts of affreightment".

Point 2) Equal Treatment and Opportunity

All customers of the service providers (water carriers) must be provided equal opportunity and treatment regardless of their size.

That is not to say that all rates are the same, regardless of size of shipper; there must be a discounted structure for the larger shipper. However, that discount must be available to all customers and should reflect only the savings realized by the economies of scale of dealing with a larger customer. The premium paid by the smaller shipper must not be some arbitrary number that places the small shipper at an unfair competitive disadvantage to the larger shipper.

Point 3) An Open Port

The people of the State of Alaska must demand there be an "Open Port" philosophy.

Any carrier, any time, assuming that the prospective carrier is legal, properly equipped, and seaworthy, must have access to provide services for the Alaskan trade. There must be no need for establishing need or obtaining approval to begin service.

The above requests are made after considering the following issues regarding the current freight structure.

A) COMPLEXITY

This is an extremely complex issue, and while Resolution 95-0410 may appear to be very straightforward, it is indeed a major piece of legislation and therefore must be treated with proper understanding and attention. I certainly do not comprehend all the issues and resulting ramifications of what may be the result of this ICC regulation move to the Department of Transportation, but there are people with whom I have talked that are well based in these issues and can talk freely and knowledgeably. Please take advantage of these resources if at all possible. I have a list if you, or your fellow committee members, would like to contact these very knowledgeable people.

B) DUOPOLY

80% of the people in Alaska are affected by this classic duopoly situation: there are two providers (TOTE and Sea-Land) of a vital service (water transportation between the State of Washington and Alaska) demanded by many (80% of all Alaskans).

In such a situation, the providers of the vital service owe to their customers, and the customers must demand, the highest degree of fairness and disclosure.

In a true competitive situation with many competitors, each company, over the long run, must determine the least expensive method by which to provide its services. In contrast in a duopoly, the one company must determine only how to provide services on par with its sole competitor. There is a significant difference in these two situations and one that, upon close inspection, will show the pervasive effects of our two provider duopoly situation and reinforce the need to recognize and develop a structure around which our freight system is built and associated rates are validated.

This is the essence of my comments regarding Resolution 95-0410. Whatever structure the current regulatory functions take, if any at all, the structure must recognize the economic situation under which services to Alaska are provided.

C) THE ICC CURRENTLY EXISTS IN NAME ONLY

You will remember that in 1994, the City of Anchorage brought suit before the ICC in a valid and serious challenge to the ongoing rate structure that has been

developing over the last fifteen years in the Alaska trade. The City spent almost \$500,000 and, while developing some reliable data, never really was able to move the case forward, certainly not to the point of a formal hearing. The issue was eventually settled by a less than suitable "agreement" between the City of Anchorage and the water carriers. One of the primary components in realizing the "wisdom" of such a settlement was the threat, real or perceived, but certainly discussed, of continuing legal fees on behalf of the plaintiffs in the suit (primarily the City of Anchorage).

The ICC is currently of no use to Alaskans, therefore why do we want to encourage the continuation of a Federal regulatory body which exists in name and persona but, because of extraordinary financial requirements for access, is not accessible to those that are supposed to be regulated or those that are to be the beneficiaries of such regulation. If the City of Anchorage and its Port cannot mount a reasoned and logical challenge which questions the method by which our freight costs are determined, who is left? Only the State of Alaska and I would suggest that a suit brought in front of a Federal regulatory body, and costing millions of dollars on a intermittent, yet reoccurring basis, would be distasteful at best to our legislature and our Governor.

Therefore we should question the wisdom of encouraging the retention of the ICC by asking the question - "What good does it do the people of Alaska?" My answer is very little good and it should be eliminated as our regulatory body.

D) CONTRACTS OF AFFREIGHTMENT (Secret Freight Contracts)

A portion of the Alaska trade has been treated unfairly by the water carriers because of the industry's practice of the water carriers entering into secret freight contracts with certain selected customers. Customers without "contracts" have borne the full affect of annual rate increases (regularly each year amounting to 4 - 10%) while those customers that are granted "contract" status enjoy little or no exposure to the respective General Rate Increase (GRI). The "contract/no contract" status is entirely up to the water carriers.

This policy has had, and will continue to have the potential to damage the smaller shipper as their freight component of their transported goods increases at a disproportionately greater rate than the "contract" shippers.

This is not an issue of Big vs. Small; it is an issue of all customers being treated equally and fairly.

I have spoken with Mr. Bob Mcgee, CEO of TOTE and he indicated to me that he was strongly in favor of such an open rate structure as were others in the industry. I find that position both very encouraging and very bold on the part of Mr. Mcgee and TOTE.

E) THE PEABODY STUDY

One of the products of the City of Anchorage's 1994 ICC rate challenge was a study done by a reputable economics firm, L.E. Peabody Co., Washington, D.C. In that study doubts were raised as to the validity of the overall rate level being charged to the people of Alaska. From two different sources described and referenced in the study, there are indications that there may exist significantly inflated overall rate levels throughout all classes of freight currently being carried to Alaska by the water carriers.

A thorough analysis of the Peabody study was precluded by the subsequent settlement between the City of Anchorage and the water carriers. However, due to the magnitude of the potential discrepancies between "Alaska rates" and rates from comparable worldwide markets, this study cannot be neither ignored nor shirked off as simply a "bad study". The City of Anchorage should insure that this important document is made a public document and allowed to stand, or fall, on its own merit.

The Peabody Study must not be ignored.

F) TIME FRAME FOR CONGRESSIONAL ACTION

At present there is not a need to rush to action on this issue. The House hearings have been rescheduled again into May at the earliest and there is no U.S. Senate action currently pending. The President is expected to include money in his upcoming budget only to wind down the ICC through October of 1996.

What we originally thought was immediate action on the U.S. House floor appears to be postponed into the summer.

G) RESOLUTION 95-0410

In conclusion I would like to summarize my concerns and suggestions by addressing Resolution 95-0410 by section.

Whereas #1: Agreed - true

Whereas #2: Agreed - true

Whereas #3: Delete: the people of Alaska have not asked "to preserve tariff filing and the other essential elements of the current system". TOTE has asked, but given the discussion and concern expressed above, this whereas deserves a great deal more study. It should not be included in its current form because it is not accurate.

Whereas #4: See comment above and comment C page 4.

Do we really want/need the ICC? Do not free market and open port validated rates replace the need for an oversight body such as the ICC? This certainly deserves a great deal more study before it is passed as the will of the people of Alaska.

Whereas #5: See above discussion.

Whereas #6: Totally inaccurate. In no way, shape, or form is this true and is written as to be only self-serving on behalf of the water carriers. The record simply does not support this statement and it should be eliminated in its entirety.

Proposed "Whereas" Additions

Proposed Whereas #7: Whereas the water carrier regulation by the Interstate Commerce Commission is unique only to the Alaskan trade.

Proposed Whereas #8: Whereas the Alaskan shipper and consumer are best served in a duopoly market situation by the absence of secret freight contracts and the presence of an open book tariff structure.

Proposed Whereas #9: Whereas the Alaska shipper and consumer are best served by an "open port" policy controlling the level of service to our State.

Proposed Whereas #10: Whereas the freight system under which Alaskans receive their vital cargo must treat all shippers equally and fairly and guarantee equal access to competitive rates.

Proposed Whereas #11: Whereas the issue of the cost of transporting water carrier freight to Alaska is extremely complex and changes, or lack of changes, will affect most all Alaskans in their daily lives.

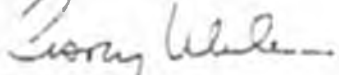
Therefore Be it Resolved: The Governor, in concert with the State Legislature and our Congressional delegation, enlist expert assistance to design and implement a freight system which meets, 1) the needs of the Alaskan consumer, and 2) provides an fair and equitable return to the water carriers who choose to serve Alaska.

H) CONCLUSION

This is a very important resolution addressing a very important issue. This resolution represents the people of Alaska's best opportunity to insure that the costs of bringing freight to Alaska is the cost of transportation only plus a legitimate return on investment for the carriers. It is additionally our best chance to insure that all customers are treated equally and fairly and each are given equal economic opportunity. Since deregulation of freight occurred in 1979, the system of bringing freight to Alaska has been broken; this Resolution can go a long way to provide a fix and thereby provide ongoing benefit to all Alaskans, particularly those in the Railbelt.

I am available to provide further input. Your help to assist the people of Fairbanks and North Pole is very much appreciated. I realize this is a very difficult issue but one that truly affects every resident of the Railbelt and the Tanana Valley.

Sincerely Yours,



Gary Wilken

President