RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

4/26/89
Date

02-519 (REV 8/78)

"Relating to emergency hospital facilities in Alaska."

COMMITTEE REPORT

2/4/74

HOUSE

Mr. Speaker: Date 2/12/74

The Committee on FINANCE has had HCR 13

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

The Legislature of the State of Alaska
FISCAL NOTE
Second Session - Eighth Legislature

I. REQUEST
Bill Identification: HCR 13
Title: Relating to emergency hospital facilities in Alaska
Requested by: _____ Date: _____
Return Date Requested: _____
Agency: _____ Program: _____

II. FISCAL DETAIL
Budget Request Unit(s) Affected: Comprehensive Health Planning
A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100	PERSONAL SERVICES			5,000	6,000	7,000	8,000
200	TRAVEL						
300	CONTRACTUAL						
400	COMMODITIES						
500	EQUIPMENT		38,520	6,000	7,000	8,000	9,000
600	LAND & STRUCTURES						
700	GRANTS, CLAIMS, ETC.						
	TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		38,520	11,000	13,000	15,000	17,000
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	30 / 000	/	/	/	/
MAN MONTHS (P./T.)	/	6 / 8	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(1) FY 75 projections include cost of 100 stretchers in 10 Alaskan airports based on $36.00 per stretcher with 7% added to cover shipping and inflation.

(2) To determine the number of stretchers needed in all public buildings in Alaska would require a statewide survey by a range 17 employee for a period of 6 to 8 months - salary and travel would be not less than $30,000.

(3) FY 76 - FY 79 projections include the cost of maintenance and replacement of lost or stolen stretchers in the 10 airports as mentioned above. Inflation costs would increase their costs periodically.

IV. ATTACHMENTS

V. DATE: February 7, 1974 PREPARED BY: Margaret E. Holland
Administrative Assistant
Comprehensive Health Planning

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

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James O. Smith
Signature of Camera Operator

4/26/89
Date

02-519 (REV 8/78)

Introduced: 1/28/74
Referred: Health,Education &
Social Services and Finance

IN THE HOUSE

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 14

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

Relating to vision and hearing equipment at the Pioneers' Homes.

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

WHEREAS the guests of the Pioneers' Homes are sharply limited in their physical activity owing to the inroads of age and the limitations imposed by ice, snow and inclement weather; and

WHEREAS depressing bordedom can only be avoided by having full use of one's vision and hearing; and

WHEREAS proper medical examinations, testing of vision and hearing, and associated aids connected with vision and hearing are only sporadically available from itinerant physicians; and

WHEREAS the Pioneers' Homes do not have the proper equipment, including equipment necessary for the maintenance and repair of glasses, other optical aids, and hearing aids;

BE IT RESOLVED that the Governor is respectfully requested to direct the Department of Health and Social Services, in consultation with licensed Alaska ophthalmologists, otolaryngologists, and optometrists, to compile a list of modern equipment for testing hearing and vision costing less than $10,000, to be purchased by the state for each Pioneers' Home; and be it

FURTHER RESOLVED that the Department of Health and Social Services report its findings to the Ninth Legislature - First Session.

The Legislature of the State of Alaska
FISCAL NOTE
Second Session - Eighth Legislature

I. REQUEST
Bill Identification: House Concurrent Resolution No. 14
Title: Vision & Hearing Equipment
Requested by: _____ Date: _____
Return Date Requested: _____
Agency: Health & Social Services Program: Pioneers' Homes

II. FISCAL DETAIL
Budget Request Unit(s) Affected: _____
A. EXPENDITURES: (Thousands of dollars)

	OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100	PERSONAL SERVICES	0	18.3	19.2	20.2	21.2	22.3
200	TRAVEL	0	4.0	4.2	4.4	4.6	4.8
300	CONTRACTUAL	0	7.5	7.9	8.3	8.7	9.1
400	COMMODITIES	0	0	0	0	0	0
500	EQUIPMENT	0	50.7	53.2	56.9	59.7	63.7
600	LAND & STRUCTURES	0	30.0	31.5	33.1	34.8	36.5
700	GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
	TOTAL	0	110.5	116.0	122.9	129.0	136.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		110.5	116.0	122.9	129.0	136.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1 / 0	1 / 0	1 / 0	1 / 0	/ 0
MAN MONTHS (P./T.)	/	12 / 0	12 / 0	12 / 0	12 / 0	12 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
100 Personal Services - 1 Audiologist Range 18, $18,276.00 per year (includes benefit @ 16%) Travels to each Home.
200 Travel - Monies for both permanent audiologist & contracted optometrist travel.
300 Contractual - Optometrist on contract (travel to the Homes periodically) $7,500.00
500 Equipment - $16,895 per Home (includes both audio & visual equipment, soundproofing 3 rooms)
600 Land & Structures - 10.0 per Home for one room to house equipment & testing.
(Projections based on 5% cost of living increases per year; also 1.0 added in FY 77-79 for maintenance of equipment & replacement.)
Such equipment is presently available to the Homes in all three locations through the Regional Health Offices of Communicative Disorders, offices in Anchorage and Fairbanks and the Audiology Unit in Mt. Edgecombe for Sitka.

IV. ATTACHMENTS
See Breakdown of Estimated Expenditures

V. DATE: 2-11-74 PREPARED BY: _____

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

4/26/89
Date

02-519 (REV 8/78)

Introduced: 1/29/74
Referred: Health,Education &
Social Services and Finance

IN THE HOUSE BY FISCHER AND BEIRNE

HOUSE CONCURRENT RESOLUTION NO. 17

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

Requesting the establishment of a legislative committee on problems of Alaska's aging.

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

WHEREAS the priorities of our society should be aligned and action taken to solve the problems and to meet the needs of increasing numbers of aging Alaska citizens, especially in the areas of health, housing, employment, retirement benefits and services, as well as in the area of their spiritual well-being; and

WHEREAS the enactment of the Alaska Longevity Bonus in 1972 has enabled many more Alaskans who reach retirement age to remain in the state during their retirement years;

BE IT RESOLVED that the Alaska State Legislature requests either the Legislative Council or the presiding officers of the Senate and House of Representatives, jointly, to establish a Legislative Committee on Problems of the Aging to consider, study, and recommend to the Eighth Legislature, Second Session, measures relative to meeting the social and economic needs of Alaska's aging citizens.

RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

4/26/89
Date

02-519 (REV 8/78)

Relating to state ferry service between Southcentral Alaska and the continental United States, with intermediate stops in Southeast Alaska.

COMMITTEE REPORT

HOUSE

2-21-73

Mr. Speaker: Date March 12, 1973

The Committee on FINANCE has had HCR 18 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[illegible]		
[illegible]		

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends: [illegible]

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Alaska State Legislature

House

JUNEAU ALASKA

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Rep. Warwick DATE: February 21, 1973

FROM: Earl D. Hillstrand
Chairman
House Finance Committee

BILL NO.: HCR 18

TITLE: "Relating to state ferry service between Southcentral Alaska and the continental United States, with intermediate stops in Southeast Alaska."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

Introduced: 1/19/73
Referred: State Affairs
and Finance

IN THE HOUSE

BY SPECKING,M.MILLER
AND TILLION

HOUSE CONCURRENT RESOLUTION NO. 18

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - FIRST SESSION

Relating to state ferry service between Southcentral Alaska and the continental United States, with intermediate stops in Southeast Alaska.

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

WHEREAS the state ferry system is intended to be an extension of overland highways without paralleling existing routes; and

WHEREAS the arduous two-day drive, even in the best of weather, from Anchorage to Haines, the nearest state ferry system terminal in Southeast Alaska, is scarcely a land route parallel to a cross-Gulf of Alaska ferry run; and

WHEREAS the paving of the Alaska Highway, via the Haines Cutoff, from the Alaska-British Columbia boundary to the Alaska-Yukon Territory frontier may well be still years in the future; and

WHEREAS, based on a recent survey of Alaska Highway traffic, there is an evident need now, rather than at the end of the present decade, for an Alaska ferry route between Southcentral Alaska and the "lower 48" with an intertie to the Alaska Marine Highway in Southeast Alaska; and

WHEREAS such a route already has been endorsed by the Kenai Borough Assembly, the Seward City Council and by Anchorage; and

WHEREAS such a route requires a vessel certified for ocean travel which, if constructed new, would consume several years of planning, general obligation bond ballot propositions, and construction at a probable cost in excess of $20,000,000; and

WHEREAS the M/V Wickersham, which is certified for ocean travel, will

be available for a cross-Gulf of Alaska run when the replacement vessel under construction is placed in service; and

WHEREAS, because of the Jones Act, the M/V Wickersham cannot legally operate between Southcentral and Southeast Alaska ports unless the present waiver is extended, an extension which should be fully explored; and

WHEREAS the M/V Wickersham under the temporary exemption granted by the U.S. Congress in 1972 probably can operate between Southcentral and Southeast Alaska ports; and, in any event, despite the Jones Act the vessel can legally operate when the waiver expires from Southcentral Alaska to Vancouver, British Columbia, which is but 150 highway miles from Seattle; and

WHEREAS according to the "Report on Scheduling, Routing, Feasibility, and Tariffs: Alaska Marine Highway System," May, 1972, prepared for the Division of Marine Transportation, Department of Public Works by Tippetts, Abbett, McCarthy & Stratton, Consulting Engineers, the Southcentral Alaska port which offers the most advantageous northerly terminus for an intertie ferry route for convenient access to the major population center of Southcentral and Central Alaska is Seward;

BE IT RESOLVED by the Alaska Legislature that the Governor is respectfully requested to direct the Division of Marine Transportation, Department of Public Works, to begin regularly scheduled ferry service in 1974 utilizing the M/V Wickersham between the port of Seward, Alaska, with intermediate stops at appropriate Southeast Alaska ports, and Vancouver, B.C., which is only a short distance from the State of Washington; and be it

FURTHER RESOLVED that the Governor is respectfully requested to direct the Division of Marine Transportation, Department of Public Works, to commence immediately planning and construction of suitable docking and terminal facilities for the M/V Wickersham, before the summer of 1974, at Seward, and at those intermediate ports of call in Southeast Alaska lacking these compatible facilities for the M/V Wickersham.

Fiscal Note
HCR 18

SOUTHEAST - SOUTHCENTRAL CONNECTION

ALASKA MARINE HIGHWAY

FEBRUARY 1973

PRELIMINARY REPORT

Prepared by:

STATE OF ALASKA - William A. Egan, Governor
Department of Public Works - George W. Easley, Commissioner
Division of Marine Transportation - H. J. Lockert, Director
Sherman D. Burton, Planner

CHAPTER 1

SUMMARY AND CONCLUSIONS

SUMMARY

> "The normal function of any mode of transport is to move people and goods with the least possible drain on scarce resources.[1]"

This quotation from the Alaska Highway Study sets forth a simple definition of what any form of transportation should be expected to provide. The methods of measuring how effectively this function is being performed is not nearly so simple however. Another quotation from this same report illustrates this point.

> "Conventional measurements or cost - benefit relations are used widely to evaluate the economic feasibility of projects or systems designed to serve present or potential high - density traffic. Here tangible factors predominate: dollar savings in vehicle operating costs resulting from time savings, and lower insurance rates. Most of these savings are rapidly translated into an overall decrease in the percentage of national income that must be devoted to transportation services. Intangible benefits such as personal safety, comfort, and time savings can be identified but cannot be assigned accurate dollar value.[1]"

We can now add one more major intangible; environmental impact. This conventional method of evaluating alternative routes is only partially effective when analyzing a marine highway route. Not only must the road-user costs and benefits be calculated, but the cost to the public as well; in this case the Alaskan Taxpayer. With this approach in mind, the following summation is provided.

With the vessel available today it is impossible to provide service within Alaska on a year around basis and maintain a 1:1, cost-revenue ratio or break even point. The only vessel currently able to do this is the M/V MALASPINA and it must operate to Seattle to succeed. The winter commercial traffic is the key to the success of this route. System wide, the cost to revenue comparison is roughly 1.5 dollars in cost to each dollar in revenue.

The M/V WICKERSHAM is a relatively inefficient vessel for Alaskan service. The vehicle deck was designed to transport European type automobiles and the larger American vehicles must take special handling to load properly when the vessel experiences peak loads. The camper type vehicles prevalent in Alaska during the summer months, are both higher and wider than even the largest passenger vehicles and eliminate the use of the overhead ramps. It is also impossible to stow these vehicles in the side passageways on the WICKERSHAM, due to the location of the stair wells and machinery. Thus the 1300 passenger capacity and 380 berths are normally in excess of passenger

1. ALASKA HIGHWAY STUDY, Wilbur Smith and Associates, 1965, page 1.

demand while vehicle demand exceeds capacity. This situation is evident when analyzing the use of this vessel on the cross-gulf connection also. Revenue was predicated upon a maximum capacity of 90 vehicles on the route from Prince Rupert to Seward. (Condition 2, no waiver) It is unlikely however, that such a volume could be transported during the summer when camper vehicles are common. Currently loads of 75 vehicles are normal maximums during summer peaks.

Assuming a base year of 1974, the M/V WICKERSHAM, operating between Juneau, Yakutat and Seward with a waiver of the Jones Act, would provide the State of Alaska with approximately $1.9* million in additional revenue at an expense of some $3.3 million; a cost to revenue ratio of 1.74 to 1. This is higher than the systemwide average of 1.5 to 1 and much higher than the Southeast average of 1.4 to 1.

If no waiver of the Jones Act were available and the vessel was therefore scheduled to call at Prince Rupert, (Condition 2) the vessel would provide the State with $2.3* million in additional revenue at an expense of $3.8 million; a cost revenue ratio of 1.65 to 1, also in excess of the Southeast and systemwide averages.

By 1980, under Condition 1, revenue in the amount of $3.2 million would be generated at an expense of $4.75 million. This is a cost to revenue ratio of 1.48 to 1. Condition 2 would generate $3.1 million at an expense of $5.5 million, a ratio of 1.77 to 1.

At such time as Cordova is linked to the connected land highway system it will be reasonable to establish an intermediate stop at that location. This port would provide more rapid service to Cordova, Valdez and the interior. To include Cordova will require a vessel with an operating speed of 18 knots if it is to operate on the Juneau - Seward route.

The traffic for the cross-gulf ferry, during the summer months, would mainly flow through Prince Rupert and Haines. If the cross-gulf traffic is to increase, the flow through Haines and Prince Rupert must increase. In order to increase the flow through these two ports we would need additional capacity, either more vessels or larger vessels. The new Northern Panhandle vessel can assist on the northern end, however we currently do not have the ability to increase the traffic through Prince Rupert to any great extent.

CONCLUSIONS

1. The traffic demand for a cross-gulf ferry service can be reasonably established based on prior studies.

2. Two routes have been established on an assumption of a continuation of the Jones Act waiver for Condition 1 and the other route has been

* Additional revenue is revenue which would not be generated if this vessel were not operating. As explained in Chapter 4 the total revenue under Condition 2 was reduced by the amount considered diverted from other vessels.

established assuming that a waiver would not be granted under Condition 2. Based on a comparison of cost-revenue ratios and the apparent difficulties inherent in attempts to secure an extention of the waiver, routing under Condition No. 2 would appear to be the most feasible.

3. The use of the M/V WICKERSHAM for this routing would provide for a net operating loss of approximately $1.5 million in 1974 and approximately $2.4 million by 1980.

4. The cost of an American vessel of adequate size to provide the services is estimated at approximately $25 million based on 1974 prices.

5. An evaluation of the comparative costs of operating the M/V WICKERSHAM under heavy subsidy as opposed to the construction of a new vessel has not been made.

6. This report is considered to be an interim report with a supplemental report to follow with the analysis of No. 5 included as a part of the report.

Fiscal Note
HCR 18

SOUTHEAST - SOUTHCENTRAL CONNECTION

ALASKA MARINE HIGHWAY

FEBRUARY 1973

PRELIMINARY REPORT

Prepared by:

STATE OF ALASKA - William A. Egan, Governor
Department of Public Works - George W. Easley, Commissioner
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Sherman D. Burton, Planner

CONTENTS

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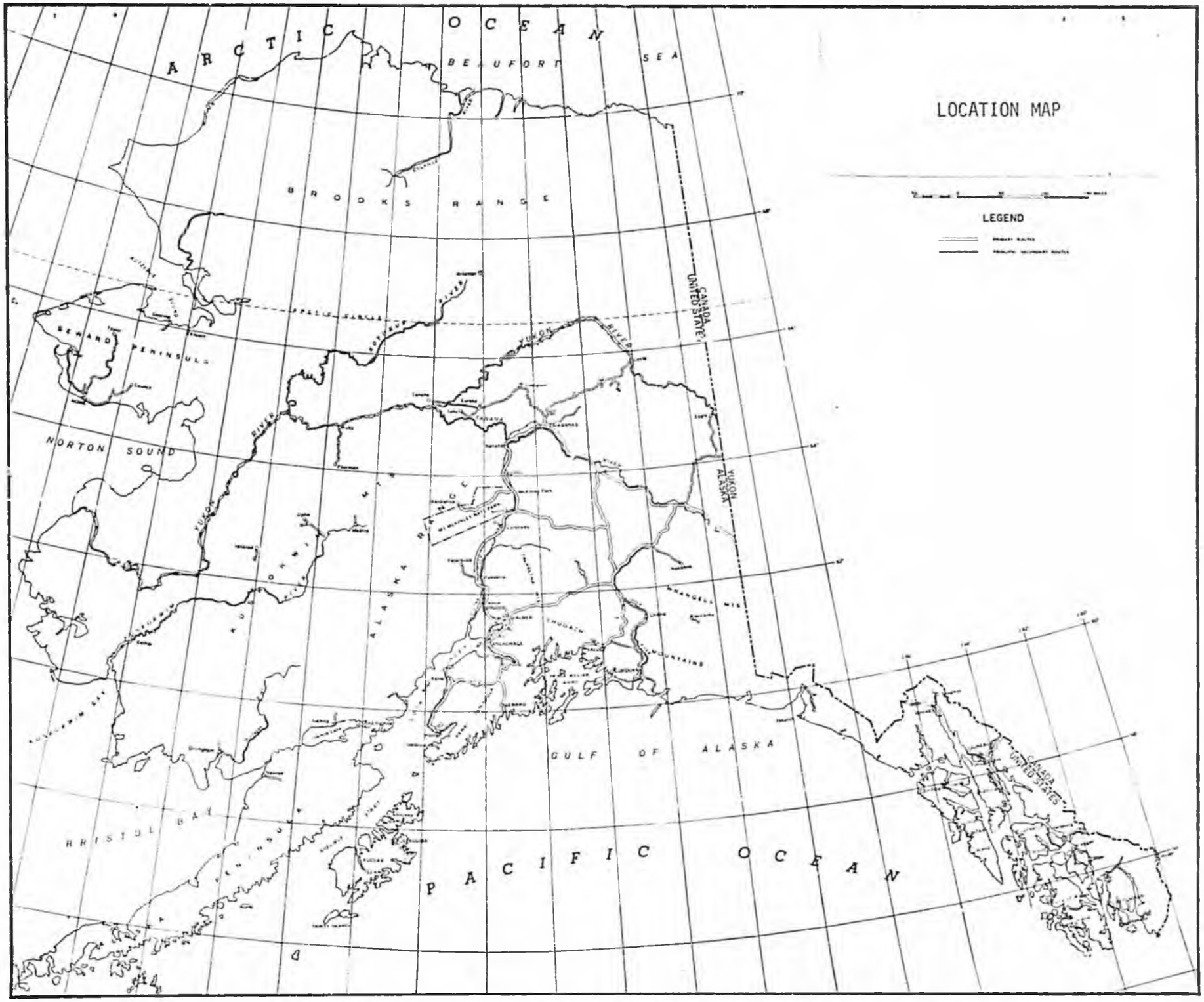
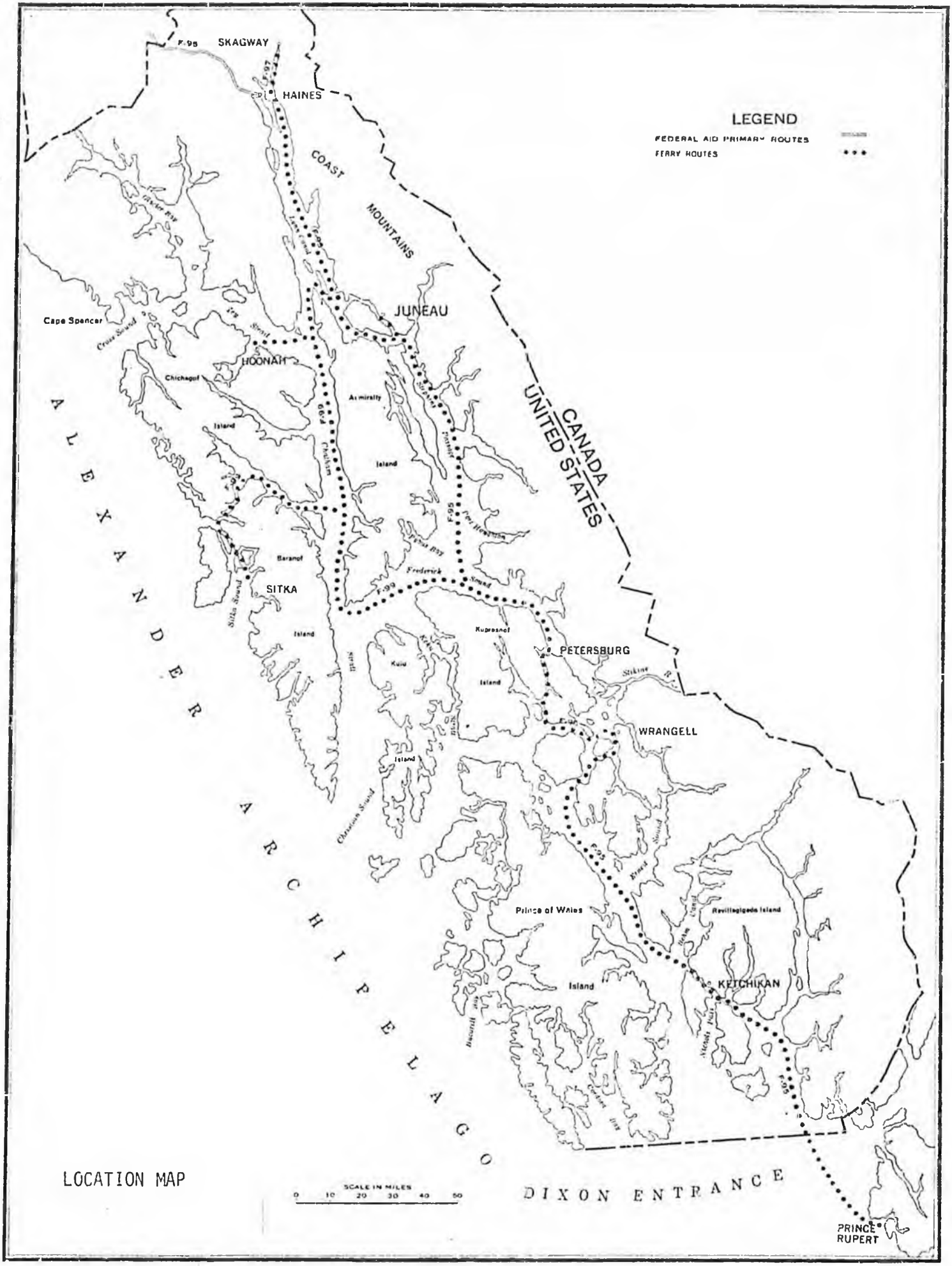
6. This report is considered to be an interim report with a supplemental report to follow with the analysis of No. 5 included as a part of the report.


LOCATION MAP
LEGEND
ARCTIC OCEAN
BEAUFORT SEA
BROOKS RANGE
SEWARD PENINSULA
NORTON SOUND
YUKON RIVER
KOYUKUK RIVER
PORCUPINE RIVER
UNITED STATES
CANADA
YUKON
ALASKA
ALASKA RANGE
WRANGELL MTS
MOUNTAINS
GULF OF ALASKA
BRISTOL BAY
PACIFIC OCEAN



LOCATION MAP

MAP 17

CHAPTER 2

INTRODUCTION

This report has been prepared by the Division of Marine Transportation in response to increasing demands for Marine Highway service to connect Southeastern Alaska and South Central Alaska. Presented is an analysis regarding the use of the M/V WICKERSHAM on such a route.

SCOPE OF WORK

The scope of work involved in this report included the following:

a. Compiling, evaluating and summarizing previous studies which address themselves to the need for such a cross-gulf transportation link.

b. Reviewing, compiling and summarizing existing data relavent to the unique operating requirements of the foreign built M/V WICKERSHAM.

c. Gathering economic data concerning the areas to be affected by such service.

d. Estimating future traffic demands, both vehicular and passenger.

e. Developing realistic schedules, estimating revenue and expenses, (capital expenses included) and projecting these elements to 1980, based upon two conditions; 1) operation with a waiver to the Jones Act and 2) operation without a waiver.

f. Providing a revenue cost comparison including possible variations of vessel type, ports and schedules.

PORT STUDIED

SEA	Seattle	PSG	Petersburg	CDV	Cordova
VAN	Vancouver	SIT	Sitka	VDZ	Valdez
YPR	Prince Rupert	JNU	Juneau	WTR	Whittier
KTN	Ketchikan	HNS	Haines	SRD	Seward
WRG	Wrangell	YAK	Yakutat	HOM	Homer
				ANC	Anchorage

PRIOR STUDIES

The Alaska Marine Highway has been the object of a number of studies, from before statehood to the most recent TAMS report, completed in 1972. The early studies, although emphasizing the need for large scale transportation improvements, did not specify a Marine Highway link between Southeastern and

South Central Alaska. This is understandable since the Marine Highway, as we know it today, did not exist prior to 1963. Only the M/V CHILKAT was in operation serving Skagway, Haines and Juneau.

The 1961 Battelle[1] study, although not suggesting a Marine Highway link between Southeast and South Central, did provide a comprehensive analysis of the transportation requirements of Alaska, including the need for improved routes to the interior. The following statement, included in their summary, page I-14, points to a need we face even today. "In view of the growth in tourist travel that is visualized and the dependence of this growth on considerable improvement in highway facilities, both as to miles and quality of road, programs to provide such improvement appear to be most appropriate." Two paragraphs later, on page I-16, while outlining the Southeastern Marine Highway operation and the proposed Canadian operation for Prince Rupert-Vancouver service, the following statement is made. "Such a ferry and highway route would further shorten the Seattle-Fairbanks distance. The effectiveness of these systems alone should be quite noticeable when completed, but it is not difficult to visualize even greater benefits when other programs are completed to compliment their functions."

Included in the tourism segment of this same report, page V-258, are two other pertinent items, suggested as two ways of promoting the travel industry. One was to "Reduce the distance (time and cost) and discomfort of auto travel to Alaska." Another was to "provide more ways of getting to Alaska (car-ferry, rail-water-air, etc.).

It was also emphasized that alternate routes were desirable. On page VII-30 the statement is made that; "Planned transportation facilities should contribute importantly to satisfying desires for alternative routes for shipments of raw materials, food, equipment, etc., and for local and visiting persons and pleasure travel."

Along with the optimistic hopes for the future also comes a note of caution. The Battelle Report, on page VII-29, provides this thought. "The fates of almost a hundred water transportation companies that had a short-lived activity over a period of years in serving Alaska found a fairly loud warning that limited, predominantly one-way, heavily seasonal tonnages make a poor basis for extensive competitive operations. New transportation arteries that have taken over a sizeable share of the total existing business may temporarily damage or permanently destroy established operations. Some of the "planned" or "developing" transportation changes might do so again.

In 1967 the Alaska Trade Study[2] also outlined an array of improvements needed in the transportation field. The recommendations ranged from the need to establish redistribution trade centers throughout coastal Alaska to the establishment of developmental southbound rates to improve the southbound traffic flow. This report did not however, suggest that a ferry type service was needed between Southeast Alaska and the railbelt.

1. "An Integrated Transport System to Encourage Economic Development of Northwest North America" by the Battelle Memorial Institute, March 1961.

2. "Alaska Trade Study", prepared by the Federal Maritime Commission, July 1967.

The Federal Field Committee report[1] in 1968 also made a number of broad recommendation's without specifying a need for such a Southeast-Railbelt ferry connection. Paving the Alaska Highway and improving marine cargo transportation were the primary goals whenever any improvement of transportation to the railbelt area was discussed.

In 1969 the Division of Marine Transportation formulated a tentative 20-year plan which included the construction of a large ocean-going vessel which was to be used to connect the Southeastern System to the South Central, railbelt area. Funding for such a vessel was originally intended to be provided by the 1970 bond issue. This is referred to in the "Alaska Review of Business and Econimic Conditions." October 1970, a publication of the University of Alaska. The final paragraph of this report which recaps the $21 million Marine Highway bond issue which was passed by the voters in November of 1970, makes this statement.

> "A noteworthy omission from the bond proposition is a provision for a large ferry about the size of the M/V WICKERSHAM to operate between Cordova and Seattle and in effect connect not only Alaska ports directly to Seattle, but also the Southwestern and Southeastern ferry systems. There is a well known need for such a vessel because of the foreign-built WICKERSHAM's ban from operating directly between United States ports. The Alaska Senate failed to pass a bond request for such a vessel because of inadequate financial projections, however, and there remain's considerable controversy over this issue although plans have been made to implement the linking of the two systems to each other, to the land highway system in Alaska and to Seattle."

In 1971 the Division of Marine Transportation retained the Consulting Firm of Bomhoff and Associates from Anchorage to coordinate a three phase study of the Alaska Marine Highway. The three phases would be traffic and usage, conducted by Crommelin and Associates; Scheduling, Routing, Feasibility and Tariffs, conducted by Tippetts, Abbett-McCarthy-Stratton (TAMS) and the Terminal Engineering Studies; conducted by Bomhoff. These studies are now complete with the exception of the final engineering for terminal sites and will provide the basic substance for the following analysis of the Southeast-Southwest connecting ferry or the cross-gulf ferry.

JONES ACT AND WAIVER

It has been recognized for a number of years that the Jones Act (named for Senator Wesley Jones of the State of Washington but officially designated as the Merchant Marine Act, 1920) has been one of the major impediments to Alaska's water transportation system. The State has been active in attempting to insure a healthy transportation industry as evidence by its

1. "Transportation and Economic Development in Alaska" by Joint Federal/ State Transportation Task Force, 1968.

role in the proposed amendments to the Jones Act in 1967.[1] The State stepped up its efforts with the purchase of the WICKERSHAM in 1968 and finally succeeded in obtaining a waiver for the WICKERSHAM in April of 1972. This was accomplished with the cooperation of organized labor and others and was predicated upon the sale of the WICKERSHAM once its replacement was completed. (Scheduled for early 1974) The waiver allows the WICKERSHAM to transport passengers and their personal luggage, including privately owned vehicles, without restrictions. It does not allow the vessel to transport a vehicle with merchandise of a commercial nature [2] regardless of the origin or destination. As evidenced by the current routes to Seattle, commercial usage is of major importance during the winter months.

1. Senate Bill, S. 292 and House Bill, H. R. 4512

2. The M/V WICKERSHAM is allowed to transport busses transporting passengers commercially.

CHAPTER 3

ROUTES AND TRAFFIC PROJECTIONS

ROUTES

There are three basic routing concepts with numerous variations of the three. The first would be a route from Seattle to the railbelt area, stopping in Southeastern Alaska and Yakutat. The second possibility would begin in Prince Rupert, stop in Southeast, in Yakutat and terminate in one of the railbelt ports. The third concept would be a route from Southeast to the railbelt, stopping in Yakutat.

One of the controlling factors involved in route selection is the time required to travel between ports. Although not absolutely necessary, it is very desirable that a schedule be some even devision of a week. This permits a schedule of consistent arrivals and departures and provides a more workable crew schedule. Appendix table 1 provides distances and operating times between the various ports considered.

Since the Anchorage and Fairbanks areas are the primary traffic generators it is desirable to provide terminals which would best serve this purpose.

ANCHORAGE: This port has the undesirable features of being some 16 hours further from Yakutat than is Seward. It is also hampered with ice during the winter. The segment of the route from Homer to Anchorage also parallels an existing highway. It does offer the best possible connection to the major traffic generators. However, the disadvantages of longer operating times, ice, etc. outweigh the advantage of its proximity to the major traffic generators and Anchorage has been assigned a low priority.

SEWARD: This port is ice free in winter, has road connections to Anchorage and is relatively near the major traffic generators. (125 miles from Seward to Anchorage)

WHITTIER: This port has the same advantages as Seward and is nearer to Anchorage. (55 miles from Whittier to Anchorage) There is one overriding disadvantage which eliminates this port from consideration. It has only rail access to the integrated highway network.

VALDEZ: This port is ice free and provides deep water, however in planning for the future a certain degree of congestion must be anticipated. It is also necessary to double back to call at Seward. It is connected to the integrated highway system and offers access to the interior.

CORDOVA: This port has no highway connection at this time, however, a highway connection is planned and should be completed within a few years. When this highway is completed Cordova will offer all of the advantages of Valdez as well as being closer to the Yakutat-Seward route segment. This port should also be less congested than Valdez in the future. Cordova would appear to be a logical intermediate port when the highway is completed.

YAKUTAT: This community has regularly scheduled air service but no highway connection and only irregular marine service. The community is very near the route the vessel would take between Southeastern Alaska and the railbelt. It is a logical community to add to the system.

HAINES: This port is off the normal route and would require 11 additional hours per trip to serve. There would be certain benefits, especially during the summer, since it would provide access to the connected highway system. If the time were available and the vessel were operating at less than capacity, Haines should be considered a high priority.

JUNEAU: This community is the center of a activity in the Northern Panhandle, the government seat and the nerve center for the Marine Highway. The vessel should stop in this community.

SITKA: This community is off the normal route and time will not permit a deviation from the primary route, of this magnitude.

PETERSBURG: This community is adequately served at present. It is directly on the route however, and only some 2½ hours[1] would be required to serve this port. If additional docking facilities were not required this community could be included without a great deal of effort.

WRANGELL: Wrangell is basically in the same category as Petersburg except that it would take approximately 4 hours[1] to serve Wrangell since it is further off the direct route.

KETCHIKAN: As the hub of the Southern Panhandle this community should be served.

PRINCE RUPERT. This is the only connection between Southeast Alaska and the connected land highway for hundreds of miles, this port rates a very high priority. It can serve as the southern terminus of the route, or if the route continues to Seattle - Vancouver, it can serve as an intermediate stop.

VANCOUVER-SEATTLE: Seattle serves as the southernmost base of operations for the Marine Highway and along with Prince Rupert provides access to the lower 48 states. Vancouver is a substitute made necessary by the Jones Acr restrictions.

1. The number of hours indicated are predicated upon the assumption that the vessel involved can negotiate Wrangell Narrows with only a minimum of delay. If the vessel being utilized exceeds 400 feet by any significant amount the delay through Wrangell Narrows will also increase. The above indicated times assume a 1 hour delay for the M/V WICKERSHAM.

After a thorough review of the alternatives, three routes were considered for analysis. [1]

Route 1: Seward - Cordova - Yakutat - Juneau
Elapsed time for a round trip at 17 knots; 92 hours, 3-3/4 days.
A vessel with 18 knot capabilities would be needed for this route.

Route 2: Seward - Cordova - Yakutat - Juneau - Ketchikan - Prince Rupert
Elapsed time for a round trip at 17 knots; 130 hours, 5½ days.
Haines could be added in the summer, as well as Petersburg and Wrangell and still be able to maintain one round trip/week scheduling (168 hours in a week). This is basically our regular Southeast schedule extended to Seward.

Route 3: Seward - Cordova - Yakutat - Juneau - Ketchikan - Vancouver - Seattle
Elapsed time for a round trip at 17 knots; 210 hours, 8-3/4 days.
Sailings would be every 9 days, as Monday the 3rd, Wednesday the 12th, Friday the 21st and Monday the 31st.

TRAFFIC

The most extensive study of Marine Highway traffic ever conducted in Alaska occurred in 1971 by Robert Crommelin and Associates, a traffic engineering consulting firm. Their report was completed in early 1972 and provided the basic data upon which the TAMS Feasibility and Usage study was based. The following analysis will utilize the basic Crommelin traffic projections.

The Crommelin report indicates on page 69, that 18,795 passengers would use the SE-SW connection, based upon 1970 traffic figures. 13,340 would occur during the peak period (June, July, August, September) and 5,455 during the off peak. This traffic is projected to increase and on page 79, 24,800 passengers and 6,400 vehicles are indicated crosing a screenline south of Yakutat in 1974. These are the projections to be analyzed; 24,800 passengers and 6,400 vehicles in the year 1974.

The potential usage of the connection was determined by interviewing ferry passengers during the summer of 1971. 6,230 questionnaires were returned from Southeast. The questionnaires, amongst other things, asked the passengers, "If a ferry system existed between Juneau and the Anchorage area, would you have used it on this or a similar trip?" 65.9 percent of the Alaskans said yes and 57.1 percent of the non-Alaskans replied in the affirmative. The response from the Southwest system has not been considered valid since virtually all came from the M/V BARTLETT on the Valdez-Whittier route.

In further analyzing the responses from Southeast it was found that of the people riding the ferries and passing through Haines, 76.7 percent of the Alaskans and 67.0 percent of the non-Alaskans replied that they would use the system. This was one of the factors which the consultant used to determine potential usage.

The study also disclosed that 83.2% of the Alaskans passing through Haines had trip ends in interior Alaska and 85.4% of the non-Alaskans. The same information was available for Skagway. The table illustrates these data...

1. For the purposes of this analysis, route 1 and 2 are used for comparison. Route 1 would be used if a Jones Act waiver were granted (condition 1) and route 2 would be used if a waiver to the Jones Act were not granted (condition 2). Routes 3 is not considered practical.

PORT	AFFIRMATIVE RESPONSE REGARDING USE		NORTHERLY ALASKA TRIP ENDS	
	ALASKA RES.	NON ALAS RES.	ALAS RES.	NON ALAS RES.
HAINES	76.7%	67.0%	83.2%	85.4%
SKAGWAY	76.7%	67.0%	53.5%	29.0%

The third factor used to determine the division percentage was the time comparison between a water voyage and the highway trip. The consultant considered the two modes to be equal in length of time[1] each consumming 51.2 vs 51.7 hours from Juneau to Anchorage. Some modification is necessary to adjust to the routes under consideration here. The following table illustrates the calculations used to arrive at the time comparisons.

HIGHWAY ROUTE

Route Segment	Distance (Mile)	Speed	Time (Hrs.)
Juneau - Hns (water)	68	17 knts.	4.5
Hns - Hns Jct	160	30 mph.	5.3
Hns. Jct. - Tok	298	40 mph.	7.5
Tok - Anchorage	328	40 mph.	8.2
Tok - Fairbanks	206	40 mph.	5.1
Stop - overs (1)			12.0
Total Anchorage	854		37.5
Total Fairbanks	732		34.4

WATER ROUTE

Route Segement	Distance Stat. Mi.	Speed	Time (hrs.)
Juneau - Yakutat	283	17 knots	15
Yakutat - Seward	347	17 knots	20
Seward - Anchorage (Hwy)	125	40 mph.	3
Seward - Fairbanks (Hwy)	353	40 mph.	9
Stop - overs			2
Total Anchorage	755		40
Total Fairbanks	983		46

It would appear valid that the time spent traveling to Anchorage would be approximately the same whether a person took the ferry or went by highway. This is not the case if a person were traveling to the Fairbanks area and some 42% of the potential users of the SE-SW connection are from

[1] pg 67, Phase 1 TRAFFIC AND USAGE

the Fairbanks area.[1] Thus, instead of a 50 - 50 diversion, based upon time, a more realistic diversion would appear to be a 55 - 45 split, in favor of the highway route, based upon travel time only.

The consultant assumed that cost would not be a prime consideration since the expense of the ferry trip would be a relatively minor portion of the entire vacation expense. This may not be the case. Below is a comparison of Marine Highway vs. land highway costs for a family of three traveling in a 20 foot overheight camper, in 1974. (The third person is considered to be a child under 12 traveling half fare.)

1974 TARIFFS

Segment	Passenger	Std. Vehic	20' over ht.
Juneau - Haines	7.50	25.00	29.00
Juneau - Seward	54.00	155.00	175.00

COST VIA FERRY
3 people & camper
1974

Passage Juneau - Seward		$310.00
2 full fare	$108.00	
1 half fare	27.00	
1 over ht. camper	175.00	
3 berth stateroom		50.00
Meals (5 on ferry)		35.00
Gasoline (Seward - Anchorage 125 mi.)		7.00
Gasoline (Seward - Fairbanks 353 mi.)		20.00
1 additional meal to Fairbanks plus miscl. on Hwy		15.00
Total to Anchorage		402.00
Total to Fairbanks		430.00

1. pg. 69, Phase 1 Traffic and Usage

COST VIA HIGHWAY

Passage (ferry) Juneau-Haines		$48.00
2 full fare	15.00	
1 half fare	4.00	
1 over ht. camper	29.00	
Gasoline (Haines-Anchorage 786 mi.)		44.00
Meals (5)		25.00
Gasoline (Haines-Fairbanks 664 mi.)		37.00
Miscellaneous repair, propane etc.		25.00
Total Anchorage		142.00
Total Fairbanks		135.00

In a 1971 visitor survey[1] it was found that the average party spent approximately $500 in Alaska. It was also found that 9% spent over $1,000 in Alaska. It would appear that only the 9% would be in the market for a cross gulf trip. Assuming there are some 170 to 180 thousand visitors to Alaska in 1974 it would follow that approximately 16,000 would be in the higher expenditure bracket.

To view the $400 ferry trip in proper perspective it is important to note that sea-land will ship a passenger vehicle from Anchorage to Seattle for $138.98. A person could ship his vehicle via sea-land and fly to Seattle for only slightly more than it would cost to travel by ferry to Juneau. Rates are approximately double northbound however, the rate being $8.86 per hundred lbs.

Another important consideration is that many of the people answering the Crommelin questionnaire had been to Alaska before, in fact 64.1 percent of the Southeast passengers had used the system before.[2] It does not appear reasonable that demand for cross-gulf service would be as high with repeat passengers as it would for people traveling the first time. It is realized however, that many of these repeat passengers are local residents and probably do not have trips ends north of Haines.

The final consideration is that most of the people (approximately 80%) traveling in Alaska during the summer are doing so for pleasure. The Crommelin report states that of the people riding the ferries, over thirty percent did so because no alternate were available and another 20 percent enjoyed the scenery. There is an alternate available to the cross-gulf connection and the vessel will not be passing within yards of the beach, as occurs on the Southeast route, when it sails to Seward, therefore the scenery may not be the best.

1. pg 6, Analysis of Visitor Information Survey, 1971 by the Alaska Division of Tourism

2. pg 40, Phase 1, Traffic and Usage

Collectively, these considerations indicate that the 50-50 split based upon travel times only, may not have been justified. A split of 65-35, in favor of the highway will be use for this report.

The following calculations indicate the number of passengers that can be expected to use the system. These calculations are identical to those on page 68 of the Crommelin report except that a 65-35 split has been used rather than a 50-50.

POTENTIAL USAGE OF SE-SW CONNECTION
based upon ferry passenger questionnaires
1970 (Base Year)

Port	"Yes" Response S.E. Passengers		"Yes" Response Trip Ends No. of Haines		Relative Travel Times; Average Expenditures, Etc.	Estimated Diversion	
	Ak Res.	Non-Ak	Ak Res.	Non-Ak		Ak Res.	Non-Ak
Haines	76.7%	67.0%	83.2%	85.4%	35.0%	22.3%	20.0%
Skagway	76.7%	67.0%	53.5%	29.0%	35.0%	14.4%	6.8%

ITEM	HAINES			SKAGWAY		
	AK. RES	Non-Ak	Total	AK. RES	Non-Ak	Total
1970 peak period pass.	10,943	26,398	37,341	3,936	15,445	19,381
Percent diversion	22.3%	20.0%	20.6%	14.4%	6.8%	8.3%
Est. No. Diverted	(2,440)	(5,280)	(7,720)	(567)	(1,050)	(1,617)
1970 off - peak pass.			14,890			8,820
Percent Diversion			20.6%			8.3%
Est. No. Diverted			(3,067)			(732)
TOTAL BASE YEAR PASSENGERS			10,787			2,349

Using the same growth factors used in the Crommelin study, 1974 traffic on the SE-SW connection is projected to be 17,300 passengers and 4,450 vehicles. This breaks down as follows.

S.E. - S.W. CONNECTION
1974 TRAFFIC POTENTIAL

	PASSENGERS	VEHICLES		
		Private	Commercial	Total
Peak Period (June-Sept)	12,700	2,850	300	3,150
Off Peak (Oct-May)	4,600	1,050	250	1,300
TOTAL	17,300	3,900	550	4,450

On page 79 of the Crommelin report, the number of passengers desiring transportation between Southeastern and Southwestern Alaska is projected to increase at the annual rate of 7.5% while the vehicular demand is projected at 7.3% annually. A further break down indicates that summer tourist traffic is projected to increase at a much faster rate, the result being a peak period projection of 8.6% annually for passengers and 8.4% for vehicles while the off peak increases at the rate of 3.2% and 2.9% respectively. This provides a 1980 traffic projection as follows.

S.E. - S.W. CONNECTION
1980 TRAFFIC POTENTIAL

	PASSENGERS	VEHICLES		
		Private	Commercial	Total
Peak Period (June-Sept)	20,800	4,600	400	5,000
Off Peak (Oct-May)	5,500	1,200	300	1,500
TOTAL	26,300	5,800	700	6,500

CHAPTER 4
REVENUE PROJECTIONS

The two projections of revenue, conditions 1 and 2 , are explained in detail in this chapter, with traffic and revenue indicated by trip in appendix tables 2 and 3. The revenue projections are for the year 1974 and assume a tariff increase of approximately 6%, will be put in effect during the fall of 1973.

Variations of condition 1 have also been considered although not shown in detail. Basically the variations reduce the number of months the M/V WICKERSHAM would provide two round trips per week, since traffic does not warrant this number of trips during the entire four month period. Two trips are required during July and August however and a reduction in the number of trips during these two months would reduce revenue substantially. Calculations indicate that by beginning two round trips per week on June 15th and ending on September 15th roughly $150,000 could be saved with very little loss of revenue.

Under condition 1, the M/V WICKERSHAM would operate with the Jones Act waiver, between Juneau and Seward. She would provide two round trips per week during the 4-month peak season and one round trip during the winter with a two month maintenance period. Revenue is projected to be approximately $1.9 million.

CONDITION 1 (with waiver)

VESSEL: M/V WICKERSHAM

CAPACITY: 100 standard passenger vehicles, 1300 passengers, 380 berths

ROUTE: Juneau - Yakutat - Seward

SCHEDULE: 1 round trip/week October - May; 2 round trips/week June-September, the vessel is out of service for maintenance during November - December.

REVENUE: Current traffic data indicates 8% of passengers are non-revenue, either on employee pass or under age. In addition 7% are half fare. The results being that the average revenue, derived from one passenger fare is estimated to be $48.00. Vehicle fares calculated at $170.00 per vehicle and Stewards revenue is estimated at $25.00 per person.

ASSUMPTIONS: The waiver of the Jones Act would be in effect as it is today. Commercial vehicles cannot be transported.

TOTAL ANNUAL REVENUE[1] 1974 $1,925,900

1. Table 2 of appendix provides details by trip.

CONDITION 2 (without waiver)

VESSEL: M/V WICKERSHAM

CAPACITY: 90[1] standard passenger vehicles, 1300 passengers, 380 berths

ROUTE: Prince Rupert - Ketchikan - Juneau - Haines - Yakutat - Seward

SCHEDULE: A round trip between Prince Rupert and Seward can be made in 5 days without Haines included. With Haines included the schedule would be slightly less than 6 days to complete a round trip. The vessel undergoes annual maintenance during November and December.

REVENUE: The route discribed is the basic Southeast route as previously served, Prince Rupert to Haines, with a cross-gulf connection added. The revenue resulting from this will be comprised of these two basic components. The Prince Rupert - Haines component can be projected from existing records, while the cross-gulf portion will be similar but somewhat less than the revenue generated under condition 1. The State will earn approximately $80.00 from each Prince Rupert - Seward passenger, $280.00 from each Prince Rupert - Seward vehicle and $40.00 per person in Stewards revenue. The Prince Rupert - Haines category includes destinations to Ketchikan and Juneau also and for this reason the amount earned is an average which is based upon our past experience. Earnings for this segment have been calculated at $35.00 per person and $130.00 per vehicle with $15.00 per person being derived from Steward department.

ASSUMPTION: The Jones Act will be in effect and the vessel will be required to abide by all of it's provisions, thus requiring a call at a foreign port, in this case Prince Rupert.

TOTAL ANNUAL REVENUE [2] 197? $2,524,250

The revenue projected under condition 2 is considerably greater than that generated under condition 1. The reason for this is that under condition 2 the normal Southeast route has been included with the cross-gulf route. Many of the people utilizing the cross-gulf connection would travel in Southeast via ferry and then by road to the interior if no connections were available. (This is what they were doing when they were asked the question concerning the connection in the first place). The question then becomes, how much of the $2.5 million is new revenue and how much is merely revenue which has been shifted from one of the other vessels to the M/V WICKERSHAM?

1. When operating a multiple port route the vehicle mix and stowage requirements are such that the utilization of overhead ramps is impossible, thus a reduction in effective capacity.
2. Table 3 of appendix provides details by trip.

During July and August all vessels in Southeast Alaska operate near their practical capacity. It can be assumed then, that the vast majority of revenue earned by the M/V WICKERSHAM during these two months would be generated, or "new" money. For these calculations only 4% of the revenue has been considered diverted from other vessels.

June and September also experience capacity loadings and 12% of this revenue is considered diverted.

During April, May and October the system normally operates with all vessels and does not experience capacity loadings in Southeastern Alaska. This is the period when the highest percent diversion would occur. This diversion is estimated at 18%.

January, February and March are normally months of reduced scheduling since vessels normally undergo annual maintenance during the winter months. The M/V WICKERSHAM would not divert the maximum percentage during this period for that reason. The greatest percentage would be generated traffic due to the improved scheduling the M/V WICKERSHAM would offer. Diverted traffic has been estimated to be 14%.

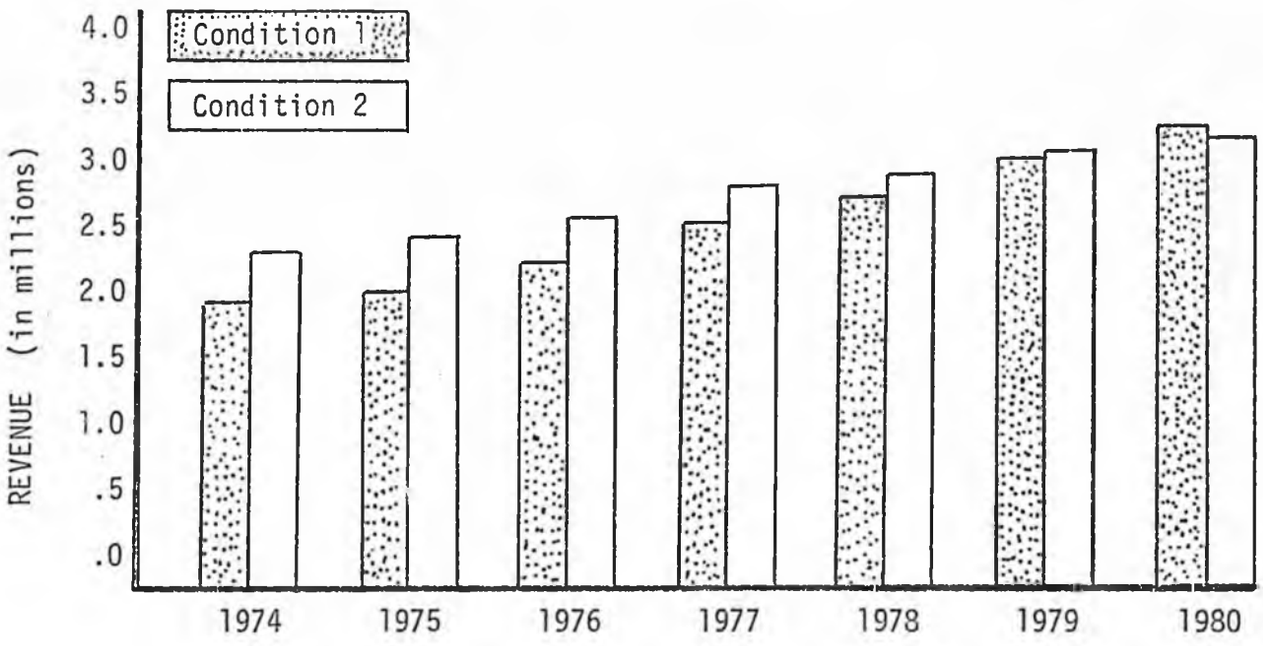
	TOTAL REVENUE*	PERCENT DIVERTED	DIVERTED REVENUE
January	$ 71,000	14	$10,000
February	48,000	14	7,000
March	71,000	14	10,000
April	73,000	18	13,000
May	116,000	18	21,000
June	290,000	12	35,000
July	651,000	4	26,000
August	683,000	4	27,000
September	348,000	12	42,000
October	173,000	18	31,000
Nov-Dec (annual maintenance)			
ANNUAL TOTAL	$2,525,000		$222,000

The table at left illustrates the revenue attributable to traffic diverted from other Southeastern vessels. Under condition 2.

* Revenue rounded to nearest thousand.

The following graph projects earnings under condition 1 and 2 through the year 1980. Earnings under condition 2 are additional, or net, as explained previously. It has been assumed that a 6% tariff increase would be put into effect in 1976 and another in 1978. Table 4 of the appendix provides additional details for the 1980 projections.

REVENUE PROJECTIONS
1974 - 1980



As the graph illustrates, condition 2 provides a greater revenue at the out set since a large portion is normal southeast tourist traffic. The vessel is only able to complete one trip per week however, and cannot continue to increase her pay load as can the vessel under condition 1, making two round trips. By 1980 the vessel is at capacity the entire summer under condition 2 and the majority of the summer under condition 1. The winter traffic under condition 1 is greater due to the Jones Act waiver and this is the primary reason condition 1 provides the greatest revenue.

CHAPTER 5
EXPENSES

If cross-gulf service were initiated by the M/V WICKERSHAM a number of modifications to the vessel would be required, as well as the addition of personnel to perform the duties of sea going service. A number of the changes would require additional funds while some, such as providing for hospital facilities, would be of only minor significance.

CAPITAL EXPENSES

It would be necessary to construct a terminal facility at Yakutat and also one at Seward. The Yakutat facility need not be capable of handling large volumes and construction costs are estimated to be $1,000,000. The facility at Seward would be of major proportions and depending upon the availability of a suitable site, could cost $1.25 million. The equipment and space for the radio capability required aboard the vessel is currently available and would require little, if any, expense.

OPERATING EXPENSES

The insurance premium would be greater for a vessel crossing the gulf and this combined with the expense to operate the new terminals would be approximately $100,000 annually. Approximately $50,000 annually will be required to provide radio operators.

Under condition 1, the vessel would operate at maximum capacity (2 round trips/week) during the 4 months June - September, at 50% during the 6 months January - May plus October and be out of service for two months.

Under condition 2, (no waiver) the vessel would operate at maximum capacity for the full 10 months with two months lay up for annual maintenance. Condition 2 would also require additional expenses connected with customs and immigration and require a pilot when docking at Prince Rupert. The pilot and pilot boat to deliver and retrieve the pilot, would cost approximately $300 per trip, or $13,000 annually. Customs charges would be an additional five thousand dollars.

Itemized below are operating and capital cost comparisons for the two conditions and a variation of condition 1; operating only one round trip per week, year round. The operating expenses shown include a percentage of the projected system wide administrative costs.

OPERATING EXPENSES
1974

	CONDITION 1	CONDITION 2
January - May Plus October	$1,200,000	$1,700,000
June - September	1,800,000	1,800,000
November - December	300,000	300,000
TOTAL	$3,300,000	$3,800,000

CAPITAL EXPENSES

	CONDITION 1	CONDITION 2
Seward Terminal	$1 - $1.25 mil.	$1 - $1.25 mil.
Yakutat Terminal	$.9 - $1.0 mil.	$.9 - $1.0 mil.
TOTAL	$1.9 - $2.25 mil.	$1.9 - $2.25 mil.

During the eight year period 1964-1972 unit costs for the Marine Highway System rose approximately 60%. This is an annual rate of increase of slightly over 6%. Assuming a 6% annual rate to 1980, expenses in that year are projected to be $4.75 million under condition 1 and $5.5 million under condition 2.

APPENDIX

REPORTS AND SOURCES OF INFORMATION

Phase 1 Traffic and Usage, Alaska Marine Highway System study, Robert Crommelin and Associates, January 1972.

Scheduling, Routing, Feasibility and Traiffs; Alaska Marine Highway System; Tippetts, Abbett, McCarthy, and Stratton, May 1972

Ferry Terminal Engineering Studies; Bomhoff and Associates, September 1971.

Alaska Review of Business and Economic Conditions; The Alaska Marine Highway System; University of Alaska, Institute Social, Economic and Government Research, October 1970.

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Transportation and Economic Development in Alaska; Prepared by the Joint Federal/State Transportation Task Force, 1968.

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TABLE 1

ALASKA MARINE HIGHWAY

DISTANCE and OPERATING TIMES[1]

ROUTE FROM	TO	DISTANCE NAUTICAL MILES	Scheduling Speed 15 Knots Time in Hrs.	Scheduling Speed 17 Knots Time in Hrs.	NOTES
Seattle	Vancouver	127	9.0	8.0	
Seattle	Prince Rupert	573	39.0	34.0	1. Times are adjusted to allow for approaches and departures at reduced speeds. Distances have been taken from the TAMS report.
Seattle	Ketchikan	650	44.0	39.0	
Vancouver	Prince Rupert	477	33.0	29.0	
Vancouver	Ketchikan	554	38.0	33.0	
Prince Rupert	Ketchikan	91	6.5	6.0	
Ketchikan	Wrangell	89	6.5	6.0	
Ketchikan	Petersburg	112	9.0[2]	8.0[2]	
Ketchikan	Sitka	228	18.0 [2-3]	16.0 [2-3]	
Ketchikan	Juneau City	220	16.0 [2]	14.5 [2]	
Ketchikan	Auke Bay	235	17.0 [2]	15.5 [2]	2. These routes pass through Wrangell Narrows and 1 hour has been added to the times to compensate for delays due to unfavorable tidal conditions.
Wrangell	Petersburg	41	4.0 [2]	4.0 [2]	
Petersburg	Sitka	156	12.0 [3]	11.0 [3]	
Petersburg	Juneau City	108	8.0	7.0	
Petersburg	Auke Bay	123	9.0	8.0	
Sitka	Auke Bay	132	10.0 [3]	9.0 [3]	
Juneau City	Haines	91	6.5	6.0	
Auke Bay	Haines	68	5.0	4.5	
Juneau City	Yakutat	249	17.0	15.0	
Yakutat	Cordova	270	19.0	17.0	3. These routes pass through Sergius Narrows, Peril Straits, Whitestone Narrows and 1 hour has been added to compensate for adverse tidal conditions.
Yakutat	Valdez	280	20.0	18.0	
Yakutat	Seward	306	22.0	20.0	
Yakutat	Whittier	291	21.0	19.0	
Cordova	Whittier	97	7.0	6.5	
Cordova	Valdez	74	5.5	5.0	
Cordova	Seward	144	10.0	9.0	
Cordova	Anchorage	380	26.0	23.0	
Valdez	Whittier	79	6.0	5.0	
Valdez	Seward	144	10.0	9.0	
Valdez	Anchorage	380	26.0	23.0	
Whittier	Seward	119	9.0	8.0	

TRAFFIC AND REVENUE PROJECTIONS

CONDITION I

JUNEAU - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS		VEHICLES		STEWARD	TOTAL
		NO.	REV.	NO.	REV.	REV.	REV.
January	1-N	70	$ 3,360	17	$ 2,890	$ 1,750	$ 8,000
January	1-S	70	3,360	17	2,890	1,750	8,000
January	2-N	70	3,360	17	2,890	1,750	8,000
January	2-S	70	3,360	17	2,890	1,750	8,000
January	3-N	70	3,360	17	2,890	1,750	8,000
January	3-S	70	3,360	17	2,890	1,750	8,000
January	4-N	70	3,360	17	2,890	1,750	8,000
January	4-S	70	3,360	17	2,890	1,750	8,000
January	5-N	70	3,360	17	2,890	1,750	8,000
January	5-S	70	3,360	17	2,890	1,750	8,000
February	6-N	70	3,360	17	2,890	1,750	8,000
February	6-S	70	3,360	17	2,890	1,750	8,000
February	7-N	70	3,360	17	2,890	1,750	8,000
February	7-S	70	3,360	17	2,890	1,750	8,000
February	8-N	70	3,360	17	2,890	1,750	8,000
February	8-S	70	3,360	17	2,890	1,750	8,000
February	9-N	70	3,360	17	2,890	1,750	8,000
February	9-S	70	3,360	17	2,890	1,750	8,000
March	10-N	80	3,840	19	3,230	2,000	9,070
March	10-S	70	3,360	17	2,890	1,750	8,000
March	11-N	80	3,840	19	3,230	2,000	9,070
March	11-S	70	3,360	17	2,890	1,750	8,000
March	12-N	90	4,320	21	3,570	2,250	10,140
March	12-S	70	3,360	17	2,890	1,750	8,000
March	13-N	90	4,320	21	3,570	2,250	10,140
March	13-S	70	3,360	17	2,890	1,750	8,000
March	14-N	90	4,320	21	3,570	2,250	10,140
March	14-S	80	3,840	19	3,230	2,000	9,070
April	15-N	100	4,800	23	3,910	2,500	11,210
April	15-S	80	3,840	19	3,230	2,000	9,070
April	16-N	100	4,800	23	3,910	2,500	11,210
April	16-S	80	3,840	19	3,230	2,000	9,070
April	17-N	100	4,800	23	3,910	2,500	11,210
April	17-S	90	4,320	21	3,570	2,250	10,140
April	18-N	110	5,280	25	4,250	2,750	12,280
April	18-S	90	4,320	21	3,570	2,250	10,140
May	19-N	110	5,280	25	4,250	2,750	12,280
May	19-S	90	4,320	21	3,570	2,250	10,140
May	20-N	110	5,280	25	4,250	2,750	12,280
May	20-S	90	4,320	21	3,570	2,250	10,140
May	21-N	120	5,760	27	4,590	3,000	13,350
May	21-S	100	4,800	23	3,910	2,500	11,210
May	22-N	140	6,720	31	5,270	3,500	15,490
May	22-S	110	5,280	25	4,250	2,750	12,280
		END OF	F-PEAK	PERIOD			

TRAFFIC AND REVENUE PROJECTIONS

CONDITION I (continued)

JUNEAU - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS NO.	PASSENGERS REV.	VEHICLES NO.	VEHICLES REV.	STEWARD REV.	TOTAL REV.
		BEGIN PEAK PERIOD			(2 round trips/week)		
June	23-N	70	$ 3,360	17	$ 2,890	$ 1,750	$ 8,000
June	23-S	50	2,400	13	2,210	1,250	5,860
June	24-N	80	3,840	19	3,230	2,000	9,070
June	24-S	60	2,880	15	2,550	1,500	6,930
June	25-N	90	4,320	21	3,570	2,250	10,140
June	25-S	70	3,360	17	2,890	1,750	8,000
June	26-N	100	4,800	23	3,910	2,500	11,210
June	26-S	80	3,840	19	3,230	2,000	9,070
June	27-N	110	5,280	25	4,250	2,750	12,280
June	27-S	90	4,320	21	3,570	2,250	10,140
June	28-N	120	5,760	27	4,590	3,000	13,350
June	28-S	100	4,800	23	3,910	2,500	11,210
June	29-N	130	6,240	29	4,930	3,250	14,420
June	29-S	110	5,280	25	4,250	2,750	12,280
June	30-N	160	7,680	36	6,120	4,000	17,800
June	30-S	120	5,760	27	4,590	3,000	13,350
July	31-N	190	9,120	42	7,140	4,750	21,010
July	31-S	130	6,240	29	4,930	3,250	14,420
July	32-N	210	10,080	46	7,820	5,250	23,150
July	32-S	140	6,720	31	5,270	3,500	15,490
July	33-N	230	11,040	50	8,500	5,750	25,290
July	33-S	150	7,200	34	5,780	3,750	16,730
July	34-N	250	12,000	55	9,350	6,250	27,600
July	34-S	160	7,680	36	6,120	4,000	17,800
July	35-N	260	12,480	57	9,690	6,500	28,670
July	35-S	180	8,640	40	6,800	4,500	19,940
July	36-N	270	12,960	60	10,200	6,750	29,910
July	36-S	200	9,600	44	7,480	5,000	22,080
July	37-N	280	13,440	62	10,540	7,000	30,980
July	37-S	230	11,040	50	8,500	5,750	25,290
July	38-N	290	13,920	64	10,880	7,250	32,050
July	38-S	250	12,000	55	9,350	6,250	27,600
July	39-N	310	14,880	67	11,390	7,750	34,020
July	39-S	260	12,480	57	9,690	6,500	28,670
August	40-N	300	14,400	65	11,050	7,500	32,950
August	40-S	270	12,960	60	10,200	6,750	29,910
August	41-N	300	14,400	65	11,050	7,500	32,950
August	41-S	280	13,440	62	10,540	7,000	30,980
August	42-N	290	13,920	63	10,710	7,250	32,050
August	42-S	290	13,920	63	10,710	7,250	32,050
August	43-N	280	13,440	62	10,540	7,000	30,980
August	43-S	300	14,400	65	11,050	7,500	32,950

TRAFFIC AND REVENUE PROJECTIONS

CONDITION I (continued)

JUNEAU - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS NO.	PASSENGERS REV.	VEHICLES NO.	VEHICLES REV.	STEWARD REV.	TOTAL REV.
August	44-N	260	$ 12,480	57	$ 9,690	$ 6,500	$ 28,670
August	44-S	310	14,880	67	11,390	7,750	34,020
August	45-N	230	11,040	50	8,500	5,750	25,290
August	45-S	300	14,400	65	11,050	7,500	32,950
August	46-N	200	9,600	44	7,480	5,000	22,080
August	46-S	290	13,920	64	10,880	7,250	32,050
August	47-N	180	8,640	40	6,800	4,500	19,940
August	47-S	280	13,440	62	10,540	7,000	30,980
August	48-N	160	7,680	36	6,120	4,000	17,800
August	48-S	260	12,480	57	9,690	6,500	28,670
August	49-N	140	6,720	31	5,270	3,500	15,490
August	49-S	230	11,040	50	8,500	5,750	25,290
September	50-N	110	5,280	25	4,250	2,750	12,280
September	50-S	200	9,600	44	7,480	5,000	22,080
September	51-N	110	5,280	25	4,250	2,750	12,280
September	51-S	200	9,600	44	7,480	5,000	22,080
September	52-N	100	4,800	23	3,910	2,500	11,210
September	52-S	190	9,120	42	7,140	4,750	21,010
September	53-N	90	4,320	21	3,570	2,250	10,140
September	53-S	180	8,640	40	6,800	4,500	19,940
September	54-N	90	4,320	21	3,570	2,250	10,140
September	54-S	170	8,160	38	6,460	4,250	18,870
September	55-N	80	3,840	19	3,230	2,000	9,070
September	55-S	160	7,680	36	6,120	4,000	17,800
September	56-N	70	3,360	17	2,890	1,750	8,000
September	56-S	150	7,200	34	5,780	3,750	16,730
September	57-N	70	3,360	17	2,890	1,750	8,000
September	57-S	130	6,240	30	5,100	3,250	14,590
			END PEAK PERIOD				
			BEGIN OFF-PEAK PERIOD				
October	58-N	110	5,280	25	4,250	2,750	12,280
October	58-S	130	6,240	29	4,930	3,250	14,420
October	59-N	100	4,800	23	3,910	2,500	11,210
October	59-S	120	5,760	27	4,590	3,000	13,350
October	60-N	90	4,320	21	3,570	2,250	10,140
October	60-S	110	5,280	25	4,250	2,750	12,280
October	61-N	90	4,320	21	3,570	2,250	10,140
October	61-S	100	4,800	23	3,910	2,500	11,210
ANNUAL TOTAL		17,300	$830,400	3,900	$663,000	$432,500	$1,925,900

TRAFFIC AND REVENUE PROJECTIONS

CONDITION 2

PRINCE RUPERT - KETCHIKAN - JUNEAU - HAINES - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS			VEHICLES			STEWARDS REVENUE	TOTAL REVENUE
		Rprt-Hns	Rprt-Sew	Revenue	Rprt-Hns	Rprt-Sew	Revenue		
January	1-N	15	30	$ 2,925	4	8	$ 2,760	$ 1,425	$ 7,110
January	1-S	15	30	2,925	4	8	2,760	1,425	7,110
January	2-N	15	30	2,925	4	8	2,760	1,425	7,110
January	2-S	15	30	2,925	4	8	2,760	1,425	7,110
January	3-N	15	30	2,925	4	8	2,760	1,425	7,110
January	3-S	15	30	2,925	4	8	2,760	1,425	7,110
January	4-N	15	30	2,925	4	8	2,760	1,425	7,110
January	4-S	15	30	2,925	4	8	2,760	1,425	7,110
January	5-N	15	30	2,925	4	8	2,760	1,425	7,110
January	5-S	15	30	2,925	4	8	2,760	1,425	7,110
February	6-N	12	25	2,420	3	7	2,350	1,180	5,950
February	6-S	12	25	2,420	3	7	2,350	1,180	5,950
February	7-N	12	25	2,420	3	7	2,350	1,180	5,950
February	7-S	12	25	2,420	3	7	2,350	1,180	5,950
February	8-N	12	25	2,420	3	7	2,350	1,180	5,950
February	8-S	12	25	2,420	3	7	2,350	1,180	5,950
February	9-N	12	25	2,420	3	7	2,350	1,180	5,950
February	9-S	12	25	2,420	3	7	2,350	1,180	5,950
March	10-N	12	25	2,420	3	7	2,350	1,180	5,950
March	10-S	12	25	2,420	3	7	2,350	1,180	5,950
March	11-N	15	30	2,925	4	8	2,760	1,425	7,110
March	11-S	15	30	2,925	4	8	2,760	1,425	7,110
March	12-N	15	30	2,925	4	8	2,760	1,425	7,110
March	12-S	15	30	2,925	4	8	2,760	1,425	7,110
March	13-N	20	35	3,500	5	9	3,170	1,700	8,370
March	13-S	15	30	2,925	4	8	2,760	1,425	7,110
March	14-N	20	35	3,500	5	9	3,170	1,700	8,370
March	14-S	15	30	2,925	4	8	2,760	1,425	7,110

TRAFFIC AND REVENUE PROJECTIONS

CONDITION 2 (continued)

PRINCE RUPERT - KETCHIKAN - JUNEAU - HAINES - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS			VEHICLES			STEWARDS REVENUE	TOTAL REVENUE
		Rprt-Hns	Rprt-Sew	Revenue	Rprt-Hns	Rprt-Sew	Revenue		
April	15-N	20	40	$ 3,900	5	10	$ 3,450	$ 1,900	$ 9,250
April	15-S	15	30	2,925	4	8	2,760	1,425	7,110
April	16-N	25	45	4,475	6	11	3,860	2,175	10,510
April	16-S	15	30	2,925	4	8	2,760	1,425	7,110
April	17-N	25	50	4,875	6	12	4,140	2,375	11,390
April	17-S	15	30	2,925	4	8	2,760	1,425	7,110
April	18-N	25	55	5,275	6	13	4,420	2,575	12,270
April	18-S	15	35	3,325	4	9	3,040	1,625	7,990
May	19-N	30	60	5,850	8	14	4,960	2,850	13,660
May	19-S	20	35	3,500	5	9	3,170	1,700	8,370
May	20-N	40	70	7,000	10	16	5,780	3,400	16,180
May	20-S	25	40	4,075	6	10	3,580	1,975	9,630
May	21-N	50	80	8,150	12	18	6,600	3,950	18,700
May	21-S	30	50	5,050	8	12	4,400	2,450	11,900
May	22-N	60	100	10,100	14	23	8,260	4,900	23,260
May	22-S	40	60	6,200	10	14	5,220	3,000	14,420
June	23-N	80	130	13,200	18	29	10,460	6,400	30,060
June	23-S	50	70	7,350	12	16	6,040	3,550	16,940
June	24-N	100	170	17,100	22	37	13,220	8,300	38,620
June	24-S	70	90	9,650	16	20	7,680	4,650	21,980
June	25-N	140	230	23,300	30	50	17,900	11,300	52,500
June	25-S	100	120	13,100	22	27	10,420	6,300	29,820
June	26-N *	140	290	28,100	28	62	21,000	13,700	62,800
June	26-S	130	150	16,550	28	33	12,880	7,950	37,380
July	27-N *	100	340	30,700	16	74	22,800	15,100	68,600
July	27-S	160	180	20,000	34	39	15,340	9,600	44,940
July	28-N *	60	370	31,700	10	80	23,700	15,700	71,100
July	28-S	190	220	24,250	40	48	18,640	11,650	54,540
July	29-N *	40	390	32,600	6	84	24,300	15,660	72,560
July	29-S *	180	260	27,100	34	56	20,100	13,100	60,300

TRAFFIC AND REVENUE PROJECTIONS

CONDITION 2 (continued)

PRINCE RUPERT - KETCHIKAN - JUNEAU - HAINES - YAKUTAT - SEWARD

MONTH	TRIP	PASSENGERS			VEHICLES			STEWARDS REVENUE	TOTAL REVENUE
		Rprt-Hns	Rprt-Sew	Revenue	Rprt-Hns	Rprt-Sew	Revenue		
July	30-N *	30	400	$ 33,050	4	86	$ 24,600	$ 16,450	$ 74,100
July	30-S *	120	300	28,200	26	64	21,300	13,800	63,300
July	31-N *	40	390	32,600	6	84	24,300	15,660	72,560
July	31-S *	100	340	30,700	18	72	22,500	15,100	68,300
August	32-N *	60	370	31,700	10	80	23,700	15,700	71,100
August	32-S *	70	360	31,250	12	78	23,400	15,450	70,100
August	33-N *	90	340	30,350	16	74	22,800	14,950	68,100
August	33-S *	50	380	32,500	8	82	24,000	15,950	72,450
August	34-N *	110	310	28,650	24	66	21,600	14,050	64,300
August	34-S *	40	390	32,600	6	84	24,300	16,200	73,100
August	35-N *	160	270	27,200	32	58	20,400	13,200	60,800
August	35-S *	30	400	33,050	4	86	24,600	16,450	74,100
August	36-N	150	240	24,450	31	52	18,590	11,850	54,890
August	36-S *	40	390	32,600	6	84	24,300	16,200	73,100
September	37-N	120	190	19,400	26	41	14,860	9,400	43,660
September	37-S *	120	300	28,200	26	64	21,300	13,800	63,300
September	38-N	100	170	17,100	22	37	13,220	8,300	38,620
September	38-S *	180	250	26,300	36	54	19,800	12,700	58,800
September	39-N	80	140	14,000	18	31	11,020	6,800	31,820
September	39-S	160	200	21,600	32	42	15,920	10,400	47,920
September	40-N	70	120	12,050	16	27	9,640	5,850	27,540
September	40-S	140	150	16,900	28	33	12,880	8,100	37,880
October	41-N	60	100	10,100	14	23	8,260	4,900	23,260
October	41-S	120	120	13,800	24	27	10,680	6,600	31,080
October	42-N	60	80	8,500	14	18	6,860	4,100	19,460
October	42-S	100	100	11,500	22	23	9,300	5,500	26,300
October	43-N	60	70	7,700	14	16	6,300	3,700	17,700
October	43-S	80	80	9,200	18	18	7,380	4,400	20,980
October	44-N	50	60	6,550	12	14	5,480	3,150	15,180
October	44-S	70	70	8,050	18	16	6,820	3,850	18,720
ANNUAL TOTAL		5050	11,700	$1,112,750	1075	2600	$867,750	$543,750	$2,524,250

* Trips at capacity

REVENUE PROJECTIONS

1974 - 1980

CONDITION 1 (with Jones Act Waiver)

YEAR	PEAK REVENUE	OFF-PEAK REV.	TOTAL REVENUE
1974	$1,380,000	$545,000	$1,925,000
1975	1,497,000	562,000	2,059,000
1976 (6% tariff inc.)	1,624,000	579,000	2,203,000
1977	1,867,000	633,000	2,500,000
1978 (6% tariff inc.)	2,016,000	652,000	2,668,000
1979	2,297,000	711,000	3,008,000
1980	2,470,000	733,000	3,203,000

CONDITION 2 (no waiver of Jones Act.)

YEAR	PEAK REVENUE	OFF-PEAK REV.	TOTAL REVENUE
1974	$1,840,000	$460,000	$2,300,000
1975	1,980,000	474,000	2,454,000
1976 (6% tariff inc.)	2,080,000	489,000	2,569,000
1977	2,240,000	533,000	2,773,000
1978 (6% tariff inc.)	2,290,000	550,000	2,840,000
1979	2,450,000	601,000	3,051,000
1980	2,480,000	620,000	3,100,000

RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

02-519 (REV 8/78)

Relating to the proposed trans-Alaska pipeline.

COMMITTEE REPORT

3/13/74

HOUSE

Mr. Speaker: Date ______ 74

The Committee on FINANCE has had HCR 21 under consideration. A Majority of the members of the Committee

(~~X~~) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS by Special Committee On Energy FOR HCR 21 AND THAT CS FOR HCR 21 DO PASS

( ) "and" recommends it BE REFERRED TO THE ______ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[signature]

[signature]

(Saylors) af

[signature]

Members NOT concurring in the Majority report:

______ recommends:

______ recommends:

______ recommends:

______ recommends:

______ recommends:

[signature] Chairman

Introduced: 1/31/74
Referred: Resources, Special
Energy Committee and Finance

IN THE HOUSE BY THE RESOURCES COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 21

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

Relating to the proposed trans-Alaska gas pipeline.

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

WHEREAS the United States is experiencing a serious energy crisis; and

WHEREAS the State of Alaska has vast known and yet undiscovered natural resources, the wise development of which will serve to reduce this crisis; and

WHEREAS the economic viability of the State of Alaska is dependent to a large extent upon the development of its natural resources; and

WHEREAS it is in the best interests of the state and the country to initiate and support those programs and projects which will ensure the expeditious and wise development of these necessary resources; and

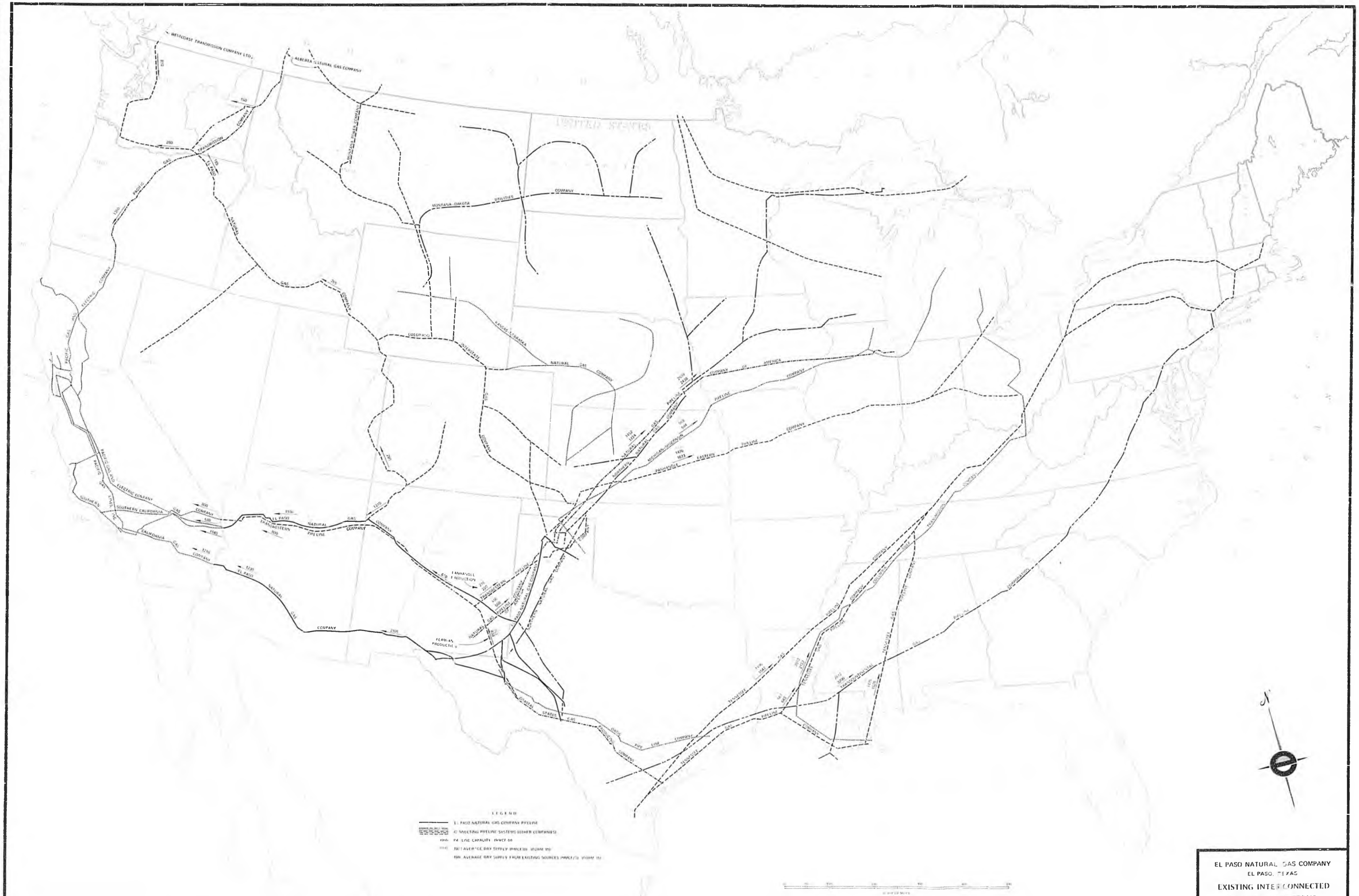
WHEREAS a proposal has been made to construct a natural gas pipeline from the north slope of Alaska which would generally follow the planned trans-Alaska oil pipeline; and

WHEREAS a trans-Alaska natural gas pipeline has numerous and significant benefits to the state such as:

(1) the line would be entirely within the United States and not subject to the interests or partial control of a foreign government, however friendly;

(2) the line will cross geological basins which will possibly open new areas to exploration and development;

(3) it would provide employment of Alaskans in the operation and maintenance of the gas pipeline and related facilities after the



EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

EXISTING INTERCONNECTED GAS PIPELINE SYSTEMS

MILEAGE IN ALASKA

———	EL PASO PROJECT	809 MI. 42"
— — —	CAGSL (COASTAL ROUTE)	195 MI. 48"
- - - -	CAGSL (MOUNTAIN ROUTE)	298 MI. 48"

TOTALS
EL PASO 809 MILES CAGSL (Mt.) 298 MILES (Coastal) 195 MILES

MILEAGE IN CANADA

- - - -	CAGSL (COASTAL TO JUNCTION)	235 MI. 48"
- - - -	CAGSL (MOUNTAIN ROUTE TO JUNCTION)	177 MI. 48"
———	CAGSL (JUNCTION TO MACKENZIE JCT.)	62 MI. 48"
———	CAGSL (MACKENZIE DELTA TO MACKENZIE JCT.)	126 MI. 48"
———	CAGSL (MACKENZIE JCT. TO CAROLINE JCT.)	1303 MI. 48"
———	CAGSL (CAROLINE JCT. TO KINGSGATE)	283 MI. 42"
———	CAGSL (CAROLINE JCT. TO MONCHY)	394 MI. 42"

TOTALS
EL PASO 0 MILES CAGSL (Mt.) 2345 MILES (Coastal) 2403 MILES

MILEAGE IN UNITED STATES

———	KINGSGATE TO SAN FRANCISCO	1021 MI. 42"
———	MONCHY TO LEIDY, PENN.	1725 MI. 48"

TOTALS
CAGSL 2746 MILES

TO PACIFIC NORTHWEST (1280 NAUTICAL MILES)

TO SOUTHERN CALIFORNIA (1970 NAUTICAL MILES)

TO NORTHERN CALIFORNIA (1720 NAUTICAL MILES)

0 50 100 200 300
SCALE OF MILES

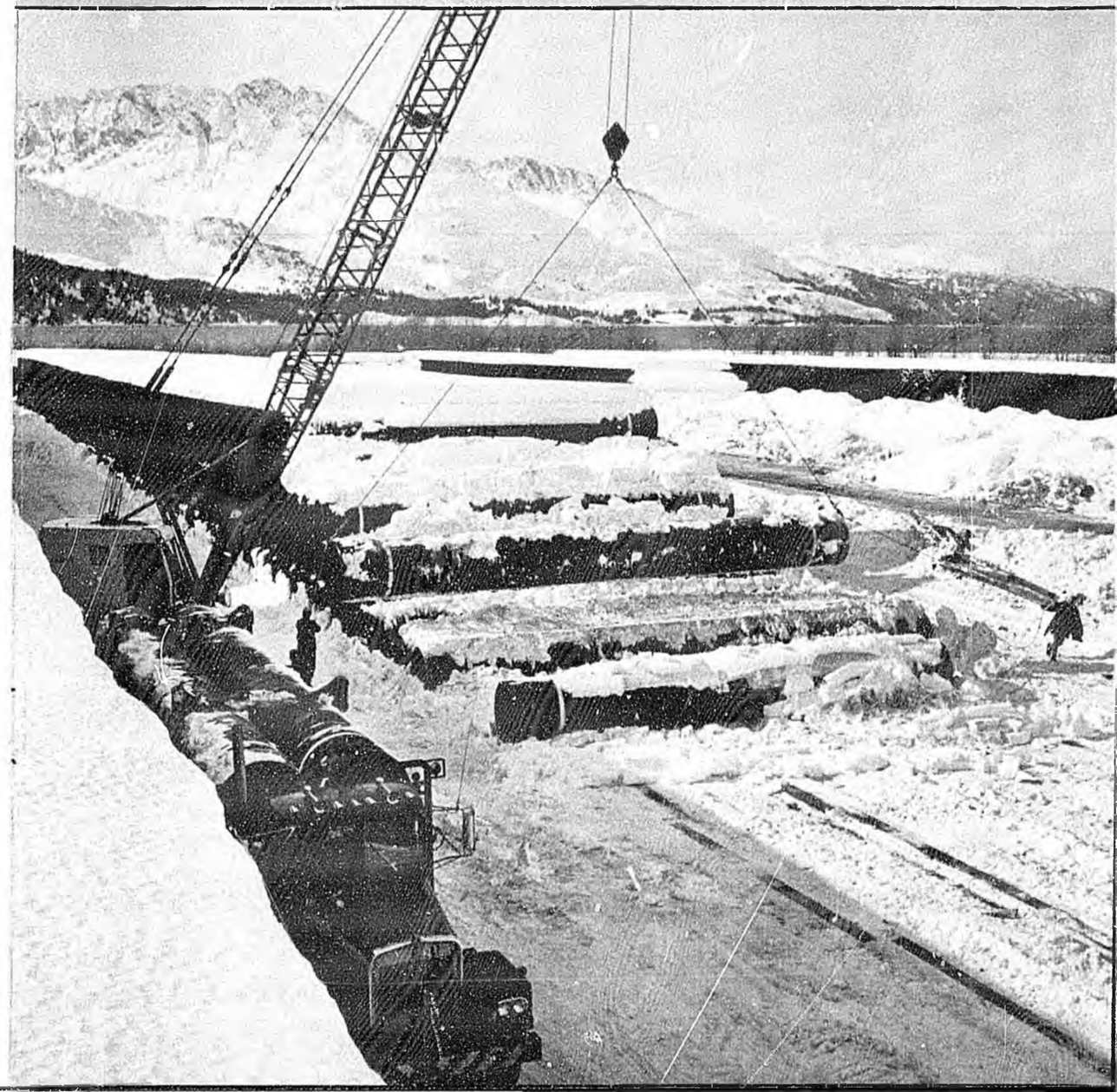
EL PASO NATURAL GAS COMPANY

PROPOSED ALASKAN PIPELINE AND LNG PROJECT

TO LEIDY, PENNSYLVANIA

The best way to use Alaskan gas--
quicker and under U.S. control

THE TRANS-ALASKA GAS PIPELINE PROJECT



What would you do if

- you were running out of energy
- you had a deficit in your balance of payments
- you were experiencing boycotts from foreign energy sources
- you had supplies of natural gas within your own country
- you were presented a plan to bring those supplies to market without foreign control
- and this plan could be implemented far sooner

And the price would be competitive with that promised by those who want to bring you the U.S. supplies through a foreign country?

The answer is obvious: You would want an

ALL-AMERICAN PROJECT FOR ALL AMERICA

and that is the

TRANS-ALASKA GAS PIPELINE PROJECT

THE TRANS-ALASKA GAS PIPELINE PROJECT FILLS A VITAL NEED

What is the quickest way to bring the bountiful supplies of natural gas from Alaska's North Slope area to markets in Alaska and the lower 48 states?

And do it so that all in the U.S. can benefit from these large and, until now, untapped supplies of nature's most environmentally pure energy source?

The answer is the Trans-Alaska Gas Pipeline Project.

This booklet details the reasons why the Trans-Alaska Gas Pipeline Project of El Paso Natural Gas Company is the best and quickest way to bring the North Slope gas to market.

THE TRANS-ALASKA PROJECT MEETS U.S. ENERGY OBJECTIVES

"... This pipeline would help reduce our nation's energy crisis ... The gas ... would be a legacy to our children and to their children."

Statement by U.S. Senator Mike Gravel in response to announcement of plans for a trans-Alaskan natural gas pipeline project. December, 1972.

"... I thought one of the main objectives in trying to develop our own resources was to avoid what is now projected for 1978 to be $20 billion in unfavorable balance of payments annually ..."

U.S. Senator Henry Jackson's comments in the Congressional Record in July, 1973 commenting on Canadian development, construction and operation of a pipeline to tap Alaska's North Slope oil.

"... Let us set as our national goal, in the spirit of Apollo and with the determination of the Manhattan Project, that by the end of this decade, we will have developed the potential to meet our own energy needs without depending on any foreign energy sources."

Excerpt from President Nixon's statement of November 7, 1973 on the U.S. Energy Crisis.

"... What I have called Project Independence 1980 is a series of plans and goals set to insure that by the end of this decade Americans will not have to rely on any source of energy beyond our own.

As far as energy is concerned, this means we will hold our fate and our future in our hands alone."

Excerpt from President Nixon's statement of November 26, 1973 on the U.S. Energy Crisis.

WHAT IS THE TRANS-ALASKA GAS PIPELINE PROJECT

El Paso Natural Gas Company, one of the world's largest natural gas transmission firms, is sponsoring a project to bring natural gas from Alaska's North Slope, across Alaska to that state's south-central coast where it would be liquefied and transported by LNG carriers for use throughout the Continental United States.

Studies completed in 1972 established that the North Slope's natural gas could be delivered to U.S. markets through facilities located entirely within the United States at about the same cost as a pipeline system bringing this gas through Canada.

Although the El Paso project envisions the movement of 1.6 billion cubic feet per day of Prudhoe Bay gas, the Company will be prepared to move increasing quantities of gas from that source as well as gas from the Mackenzie Delta. The gas would be carried in an 800-mile, 42-inch pipeline built in the same corridor set aside for the oil pipeline. At the terminus of the natural gas pipeline in south-central Alaska, the gas would be liquefied and placed aboard six, 125,000 cubic meter LNG carriers for shipment to receiving and regasification facilities on the U.S. West Coast. This gas would be made available throughout the United States by displacement through existing pipeline systems.

Cost of the project is estimated in the range of $3.5 billion.

"This (a gas pipeline across Alaska) is essential both for Alaska's wellbeing and for the security of supply for our nation itself ... (It is the) only proposal I can support, in carrying out my obligations as Governor of this State, ... one that is completely in keeping with the objectives of the state of Alaska for protecting the interests of Alaskans and all Americans as well."

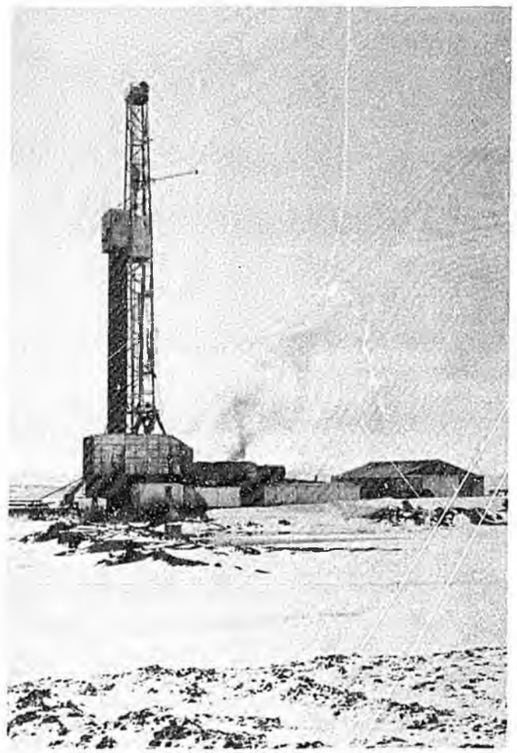
Excerpt from Governor Egan's statement of January 6, 1974 carried throughout Alaska on television and radio.

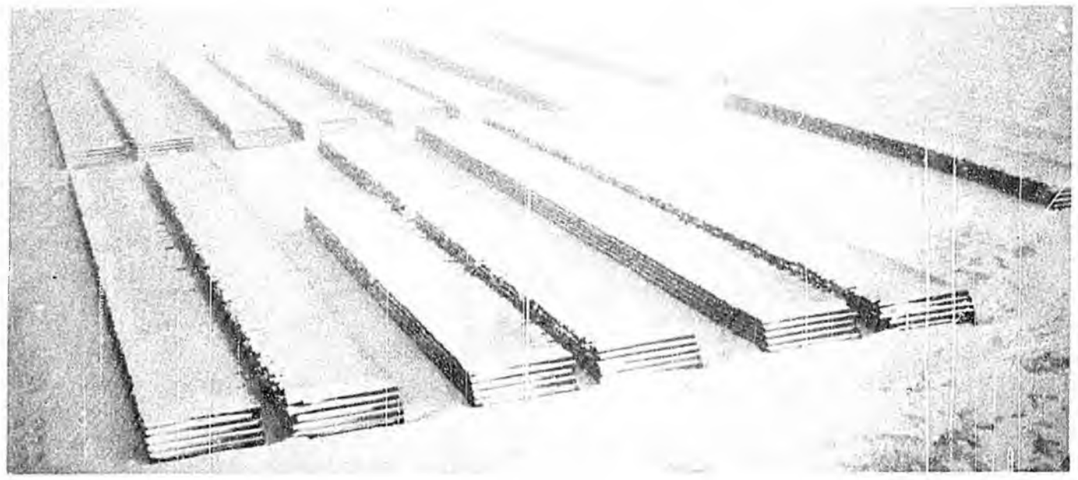
NEED FOR A TRANS-ALASKA GAS PIPELINE PROJECT

The lower 48 states suffer from an unprecedented energy shortage. Alaska has a surplus of energy. The latest authoritative estimates of the Potential Gas Supply Committee show that of the 1,146 trillion cubic feet of potential additional gas reserves yet to be discovered in the U.S., about one-third, or 366 trillion cubic feet, will be found in Alaska. There is little question that Alaska has an abundance of natural gas for its own use and will play a major role in supplying surplus gas to the rest of the continental United States.

The starting point, however, for the Trans-Alaska Gas Pipeline is the 26 trillion cubic feet of proved reserves in Prudhoe Bay. These gas reserves form the basis for El Paso's project: The Trans-Alaska Gas Pipeline Project.

According to geologists, there are yet to be discovered in northern Canada some 280 trillion cubic feet of gas reserves. These potential reserves could support several all-Canadian gas pipelines to Canadian and U.S. markets.

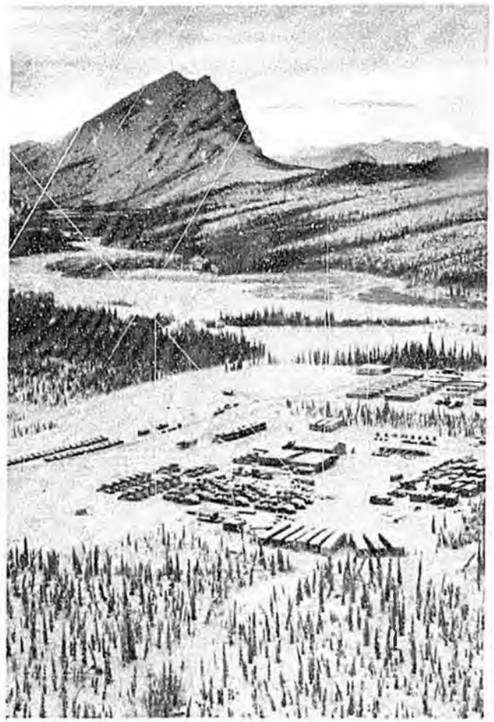




CURRENT LNG TECHNOLOGY

LNG technology is in common use. In the United States alone there are presently 46 full scale LNG peak shaving plants operating and under construction. In Alaska, a base load liquefaction plant located on the Kenai Peninsula has been in successful operation since 1969. At least five base load LNG projects are now in operation, some for as long as 10 years without incident.

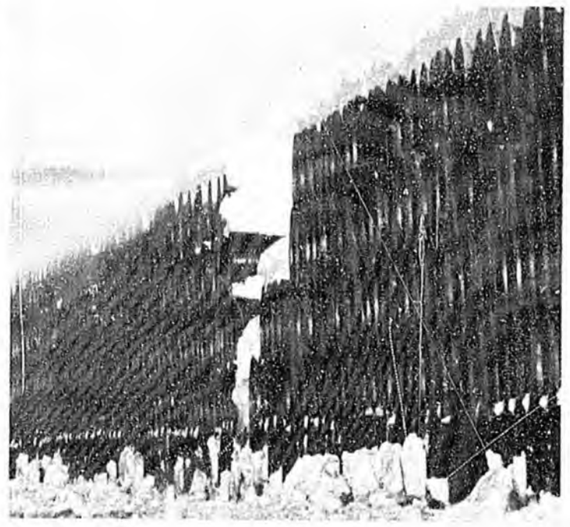
El Paso is implementing a sixth base load project at a cost of over $2 billion which will bring LNG from Algeria to the East Coast of the United States. El Paso has ordered nine LNG carriers needed for that project and the facilities are being built in Algeria by Sonatrach. Initial LNG deliveries to the East Coast are scheduled by early 1976, with full deliveries of one billion cubic feet per day to be reached by 1977.



BENEFITS OF LIQUEFACTION

The Trans-Alaska Gas Pipeline Project and the alternate gas pipeline route through Canada will both require gas to be used as fuel in moving the gas from the wellhead to the marketplace. Under the Canadian proposal, the compressor stations will be powered to move the gas via the 5400-mile pipeline. Under the El Paso project, gas will similarly be used along the 800-mile pipeline route as well as to power the LNG carriers and to liquefy the gas. Although both projects will use about the same amount of gas for fuel, it should be noted that while the gas used to power the compressor stations is irretrievably lost, the gas used for liquefaction purposes is transformed into another form of energy — the energy of cold. The cold characteristics will be available as now employed in Tokyo, Japan and Marseilles, France for food processing, industrial gas production and in electrical generation to avoid thermal pollution.

In summary, the Trans-Alaska Gas Pipeline Project is technically and economically feasible and is the most desirable method of transporting Alaska's North Slope gas to U.S. markets.



WHY WOULD THERE BE DELAYS WITH A CANADIAN PIPELINE

- During the debate in July, 1973 on the Trans-Alaska oil pipeline, U.S. Senator Henry Jackson indicated a definite need for a treaty if the oil pipeline were to go through Canada. The same principles with respect to a treaty enunciated by Senator Jackson on the oil pipeline would apply with equal validity to a gas pipeline through Canada carrying Alaskan gas. In this connection Senator Jackson stated:
  "... I do not suggest that the negotiation of a treaty permitting construction and operation of the suggested trans-Canada pipeline would involve a negotiating period of decades. But it is clear that an extended period of time will be required ... Our experience in negotiating other recent treaty agreements with Canada underscores the fact that even relatively routine matters can precipitate lengthy negotiations extending over a number of years. State Department records disclose that it took four years of negotiations to reach an agreement on air traffic control and six years to negotiate a relatively straightforward agreement on air transport."
- The ecological and environmental aspects of the Alaskan oil pipeline have been the subject of what is probably the most thorough environmental study ever made on any project, resulting in approval by Congress and the Administration of the oil pipeline and the route which it will take. Inasmuch as the Trans-Alaska gas pipeline would be within the same corridor and thus be subject to the same ecological and environmental considerations, the benefits of such study are presently available for utilization to the fullest extent. On the other hand, the alternative route will not only require the completion of ecological and environmental studies, but, what is more important, only then for the first time will it be available for scrutiny and ultimate approval or rejection by governmental authorities of the U.S., Canada, and others concerned with such matters.
- The 5400-mile pipeline route through Canada would require an estimated 5,000,000 tons of steel which is in short supply worldwide. The Trans-Alaska Gas Pipeline Project, including an 800-mile pipeline and six LNG carriers, would require approximately 1,000,000 tons of steel. Moreover the total mill capacity for large diameter pipe (42-inch and above) in the United States is about 1,500,000 tons per year, thus requiring a full dedication of at least three years of that capacity to the Canadian project, whereas only six months of mill capacity will be required for the pipe portion of the Trans-Alaska Gas Pipeline Project.
- The Canadian native claims have not been settled; the Alaskan native claims *have* been settled. Settling the claims of the Canadian natives may require many years.

Construction of the gas line across Alaska to carry Alaska's North Slope gas would not foreclose the construction of a gas line through Canada to carry Canadian gas from the Canadian Arctic, i.e., gas from the Mackenzie River Delta and Canadian Arctic Islands. Responsible officials of oil and gas firms in Canada have estimated that these two areas not only contain large proven gas reserves but also have great potential.

Without the Alaskan gas, additional Canadian development and exploration should be stimulated to assure the establishment of the "threshold" volumes necessary to construct a gas line across Canada. The availability of U.S. markets for this Canadian gas should assure the economic feasibility of building such a line which would also make available to Canadian markets gas which otherwise would not be transported.

THE TRANS-ALASKA GAS PIPELINE PROJECT BENEFITS ALL OF THE UNITED STATES

The Trans-Alaska Gas Pipeline Project will help reduce the severe and worsening energy shortage in the lower 48 states. In doing so, it will bring tremendous additional benefits.

It is anticipated that all the equipment and material for the project will be furnished by the United States. This will, of course, directly benefit the U.S. economy and will not have an adverse impact upon current balance of payments problems which are forecast to worsen.

(According to the National Petroleum Council's study, "U.S. Energy Outlook," the dollar drain resulting from trade in energy fuels will range from $9 billion to $13 billion in 1975 and as much as $32 billion annually by 1985.* The impact can be better measured when compared to the 1970 trade in energy fuels imbalance which was only $2.1 billion.)

**In arriving at these estimates, oil, the largest single import component was priced at $4.14 per barrel which is obviously unrealistic today.*

Thousands of new jobs will be created or maintained in the United States in the construction and operation of the natural gas pipeline. As just one example illustrating the magnitude of such an undertaking, El Paso's Trans-Alaska Gas Pipeline Project will require six LNG carriers to transport the liquefied natural gas. The Secretary of Commerce has estimated the construction of such carriers will require 30,000 to 40,000 man years of U.S. labor. Similar job opportunities will apply to the design and fabrication of the multi-million dollars worth of other equipment and materials required by the project.

Because the Trans-Alaska Gas Pipeline Project will be an all-U.S. project, profits and taxes will accrue exclusively to the benefit of this country.

The Trans-Alaska project will be completely under United States control. This is in sharp contrast to foreign control where national goals and attitudes may not parallel those of the United States but, in fact, may be contrary.

The Trans-Alaska Gas Pipeline Project can be completed and in operation much sooner than an all-overland route, such as proposed if the line were to traverse mostly Canadian territory. Thus, the natural gas will be flowing into U.S. consumer's homes much faster.

The gas pipeline would substantially parallel the oil pipeline already approved by the U.S. Congress and signed into law by the President. By sharing the same service and access roads (roads in this hostile climate are a major item of expense and require daily maintenance), as well as other facilities, the cost of building the line will be reduced to the advantage of the consumer.

By being within the same corridor as the oil pipeline and using the same road network the Trans-Alaska Gas Pipeline Project would have minimal ecological and environmental impact, in sharp contrast to the 5,400-mile alternative. Years of study for the oil pipeline assure the environmental compatability of the natural gas pipeline — in fact, there is less environmental impact of a gas line versus an oil line.

Gas from The Trans-Alaska Gas Pipeline Project can be delivered throughout the continental United States. North Slope gas delivered to the West Coast can, by displacement, be made available throughout the United States. Existing systems which crisscross the United States have available idle capacity occasioned by the ever worsening gas shortage. The utilization of such idle capacity is far preferable to the construction of new facilities.

By utilizing LNG carriers built in the United States, and operated by U.S. crews, the Trans-Alaska Gas Pipeline Project will help fulfill the national objective to strengthen the U.S. shipbuilding industry as well as aid the U.S. Merchant Marine.

SPECIFIC BENEFITS FOR ALASKA FROM THE TRANS-ALASKA GAS PIPELINE

The Trans-Alaska Gas Pipeline Project has specific benefits to the State of Alaska, benefits which ultimately accrue to the advantage of the entire United States.

- Most importantly, it will provide considerable employment opportunities for Alaskans whose average annual unemployment rate in 1972, according to the Manpower Administration of the U.S. Department of Labor, was 10.4 percent, far above the national average. The construction of the natural gas pipeline will begin as work on the oil line nears completion, making it possible for these pipeline workers to obtain an additional two to four years of employment. This should minimize the socio-economic impact on the state.

- During construction approximately 5,500 U.S. workers will be employed on the pipeline and related facilities, including the LNG liquefaction and loading terminal.

- After the pipeline facilities are completed, nearly 600 people will be required to operate the Alaskan portion of the facilities in addition to the nearly 300 U.S. crewmen required to man the U.S. flag LNG carriers.

- The sizeable investment required for the Alaskan portion of the project represents a significant tax base for the Treasury of the State of Alaska. These taxes can be a source of revenue for Alaska for the 25-plus year life of the facilities.

- Because the Trans-Alaska Gas Pipeline Project can be completed and in operation much sooner than an all-overland route in Canada, the sizable royalties to be realized by the State of Alaska from the wellhead purchase price of the gas will accrue to the state much sooner. (Alaska receives a 12½ percent royalty on this gas.) It should be noted that the producers — including Alaska — will receive the same purchase price whether the gas is transported through Canada or Alaska.

- The gas pipeline will provide a reliable and plentiful source of economical, clean energy to the residents of the state. This would not occur if an all-overland route through Canada were to be built. This availability of natural gas will stimulate the development of Alaska's rich mineral deposits along the pipeline route and adjacent areas, which also means increased employment and tax base.

WHAT ARE THE DISADVANTAGES OF AN ALTERNATE ROUTE THROUGH CANADA

An alternate natural gas pipeline route through Canada has many disadvantages, some obvious and some which could develop.

Mr. Donald S. Macdonald, Canada's Minister of Energy, Mines and Resources, in a prepared address given in Scottsdale, Arizona in September, 1973 stated in part:

> *"... In addition to the lead role which we insist on for Canadians in designing, constructing and operating the pipeline, we also insist that Canadians should be given a prior opportunity to acquire majority ownership of the gas pipeline ... this is a very fundamental requirement from the Canadian viewpoint and that a failure to meet these Canadian participation criteria could defeat any pipeline application ..."*

Earlier, Mr. Greene, Mr. Macdonald's predecessor in this cabinet post, stated:

> *"... Most important of all will be the right of entry to Canadian resources into this pipeline. It is not good enough that this be merely a bridge to transport United States resources to United States markets and that we have the boom that would go with construction, but no downstream benefit ... So the most important guidelines, under the conditions referred to is that Canadian resources must have a right to entry into that method of transportation."*

In commenting on these and similar requirements stated by responsible Canadian officials as they related to an oil pipeline (it would appear these same remarks would be analogous to a gas pipeline), Secretary of the Interior Rogers C. B. Morton, in a letter dated April 4, 1973, sent to principal newspapers throughout the United States, stated:

> *"... These ... requirements ... are unacceptable from the point of view of our national interests when we have the alternative of a pipeline through Alaska that will be built by American labor and will deliver its full capacity of American-owned oil to our markets ..."*

The price of any gas destined for U.S. markets through a Canadian line which carried the Alaskan gas would be subject to Canadian national policy. Illustratively, Mr. Macdonald stated in Scottsdale in September, 1973:

> *"... [I am] fully familiar with the application of the principle 'Rebus Sic Stantibus' within your law and [feel] that it applies directly in the circumstances of natural gas pricing between our countries.*
> *It was under the same motivation that Cabinet in 1970 promulgated regulation 11A. under the National Energy Board Act requiring that Board to keep under special scrutiny the prices for competitive energy commodities in the export markets into which Canadian gas is being sold ..."*

Also, in the same month in Ottawa Mr. Macdonald stated:

> *"... Natural gas shortages in the United States are very real. Incremental supplies of natural gas are being priced far in excess of Canadian export prices under long-term contract. The government is actively considering methods by which to increase the price of gas moving into export markets."*

An alternate route through Canada will involve a much longer period of time for approval and construction. Construction of the Trans-Alaskan Gas Pipeline Project can start as the oil pipeline construction is nearing completion.

ALASKA

CANADA

UNITED STATES

MEXICO

PROPOSED TRANS-ALASKA PIPELINE

PROPOSED CANADIAN PIFELINE

EL PASO PIPELINES IN OPERATION

CONNECTING PIPELINES OF OTHER COMPANIES

NORTHWEST PIPELINE CORPORATION

EL PASO LNG CARRIER ROUTE

GAS BY DISPLACEMENT THROUGHOUT THE U.S.

SPECIAL HOUSE COMMITTEE ON ENERGY
HEARING WITH MILTON LIPTON, ALASKA LEGISLATIVE CONSULTANT,
OF WALTER J. LEVY & ASSOCIATES
March 7, 1974

E X C E R P T

REPRESENTATIVE RANDOLPH: Well, my thought was El Paso has testified before us that this resolution is of importance to them, even to the fact that they may not proceed with preparing their case for the FPC, and if for any reason we decided not to enact such a resolution and that resolution turned out to be important, and was the straw that makes the decision go the other way, and it turns out that a trans-Alaska line would have been without any question, when all the information is in, to our great benefit and by our inaction it goes trans-Canada; we're going to sit around here whatever time it is when we find that out with egg all over our face. Mr. Lipton, I think, embellished that a little bit saying if you support one of these two entities very early in the case you tend to lose any bargaining or competitive position with the one you don't support, but under the same token if you don't support one and they drop out, like they've said they would, or indicated they would, there's only one left anyway.

MR. LIPTON: Again we're re-capping what had been a rather lengthy discussion before, and with the one caveat that I must insist upon with respect to anything I say, is that I, you know, I can't commit El Paso, I can't speak for them. I know the representations that they've made to the Legislature, but it's in my skeptical nature as an old middle customer to say that anybody who's making representations to the Legislature could

say no less than they've said. If you look at the amount of money which has been spent, if you look at the ultimate costs, if you look at the prospective profits, then you must ask yourselves to what extent will this whole process come to a halt on the action or inaction of the Alaska State Legislature in March of 1974. Whereas if you are very clear about what the interests of the State are and you're prepared to fight for the interests of the State at each stage of the game, does that really prejudice, (1) their position, (2) the willingness of a Board of Directors to commit whatever sums of money are necessary at the next stage; you don't spend all of the money in one day. I'm trying to be realistic here, but in being realistic I really may be doing a disservice to the Legislature if I improperly read the posture of a company which is making very strong and very powerful representations to you. Those of you who have been through this bill before, especially with respect to oil legislation, know that there has never been a matter confronting this Legislature in which industry hasn't taken a strong and unequivocal position -- including the fact that exploration would come to a halt if you increased the severance tax and so on. You must judge what the pros and cons are of acting one way or another.

REPRESENTATIVE RANDOLPH: I have one other question that I don't think really got answered. If we don't act this session we can't act until next session. Will that be too late for this type of action to have any significant effect?

MR. LIPSON: Well, it might in a sense except, of course, your government is not disabled from acting

in the interim. As I've said, you may want to, therefore, adopt a resolution which expresses the current sense of the Legislature in terms of what are the self-evident truths, if I may repeat myself. I just like the phrase so much I keep using it. If you resolve in terms of those things which are clearly within the competence of the Legislature, without knowing much more else. In other words, quite apart from those matters involving relative transportation costs, which are way up in the air; relative values in markets, which are way up in the air; the effect of both of these on the wellhead value of the gas, which is up in the air; the effect upon potential royalty and severance tax income, which may be up in the air; but quite apart from all these there are still compelling reasons why you would like to see -- that you would like to see weighed in the balance, and these are the ones. These are the things that you can speak to very, very competently, and you don't prejudice any future decision that the Legislature may make. You can provide a springboard to whatever intervention may be required either by an interim committee -- I don't know whether your special energy committee is going to stand during inter-session or not -- if not you---

REPRESENTATIVE RANDOLPH: Why not recommend it?

MR. LIPTON: I don't want to add to the financial burdens of the State. You have an Administration that functions between sessions of the Legislature.

SENATOR SILIEN: We have a Legislative Council also, I might add.

MR. LIPTON: The Legislative Council.

Incidentally, in the end it's going to fall to the Administration to make the representations before the Federal Power Commission. But, you certainly have competence within the Legislature to follow what's happening before the FPC. I guess really what I'm arguing against is "wholeheartedly and unequivocally". This is what I find troublesome in the light of the state of knowledge that's available to you.

REPRESENTATIVE RANDOLPH: If we took out wholeheartedly and unequivocally----

MR. LIPTON: And a couple of things that are not self-evident truths.

REPRESENTATIVE HARTIG: I wonder if I might ask a question. Do you have any feeling as to the political climate in Washington concerning the trans-Canadian gas pipeline versus the trans-Alaska?

MR. LIPTON: I would suspect it's a very mixed climate. I think an awful lot -- the potential Canadian route for a natural gas pipeline is one of at least a baker's dozen subjects that are hanging fire between the United States and Canada. Our energy relationships with Canada have deteriorated very, very badly over the past three years or so. It's obviously in the interests of both countries to re-establish a better energy relationship, but each country has a different idea as to what's involved in a better energy relationship. This is one thing and it may very well be that from the standpoint of the State Department that handles international relations or of a federal Canadian office or the Federal Power Commission that a

gas line through Canada, which Canada may feel is tremendously important for their own self interests, may be something that is thrown onto the scales, onto the balance scales. The FPC may decide that this is a preferred way, or it may decide that the all Alaska is a preferred way for other reasons, which have to do with the disposition of gas and relative costs to regional consumers and so on. It's not impossible that that's going to be one thing. If we want a relaxation of Canadian policy with respect to oil and gas exports to the United States, or with respect to the pricing of their oil to the United States, that we may feel that we could be contributing the gas pipeline. Another thing which may be tremendously important from a national standpoint -- I noticed that in the discussion last week that I was privileged to read, there was considerable dispute over what the potential gas would be out of the McKenzie Delta -- what are the volumes, whose gas is piggy-backing on whose gas. From the Unites States standpoint, I think, we probably want the maximum exploration effort in the McKenzie Delta because only if substantially more gas is proved up there than falls within the range of potential Canadian consumption can we expect to have greater exports from Canada. It's not only a matter of getting the Alaskan gas into the lower 48 states, but the chances that we can spur Canadian exploration and thus provide for even greater quantities of aggregate gas crossing the Canadian Border -- both North Slope and Canadian Arctic gas. Now, this is not something that's of great interest to you, but from the Washington standpoint it could very well be that there's going to be a considerable