

1999 SSA HD 950 - HUR 70

1999



Alaska State Legislature

House of Representatives

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

HOUSE FINANCE COMMITTEE

Letter of Intent

HB 950

This appropriation is necessitated by recent, rapid and unprecedented increases in the rate of interest charged for municipal bonds. This increase has been caused by federal monetary policy designed to shrink the national debt market. As a result of this policy, the Bond Buyer Index, which shows the average rate charged for municipal bonds on a weekly basis, has increased from 7.71 per cent on February 14 to 8.94 per cent on March 6.

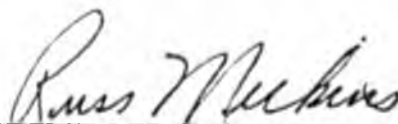
This increase has rendered seven Alaska municipalities (Anchorage, Sitka, the Bristol Bay Borough, the Kenai Peninsula Borough, Seward, the Ketchikan Gateway Borough and the Kodiak Island Borough) incapable of issuing bonds for projects slated to begin this construction season.

These municipalities are legally barred from issuing these bonds because their bond authorizations have "caps" --- voter approved limits on the rate of interest they can pay on their bonds. In all cases, these "caps" are 8 per cent or below. At the time in late February that three of these municipalities (Anchorage, Sitka and the Bristol Bay Borough) attempted to issue bonds, they received no bids acceptable under their "caps". Given current market conditions, it is a virtual certainty that the other four municipalities will likewise receive no acceptable bids.

If it weren't for the necessity of capturing this construction season, the affected municipalities could raise their "caps" through the election process. But, so that the projects could go to bid and help stimulate the state's sagging economy, the committee decided not to wait for these municipalities to go through that process.

Legal constraints prevented the committee from making this appropriation in the form of a loan to the affected municipalities. Had this been possible, the consensus of the committee was that it would be done.

Thus, although there is a question of equity involved in providing a subsidy for only seven of the state's municipalities, the committee passed out the appropriation. But it is the committee's intent not to provide an on-going subsidy for all municipal bonds. In this regard, I intend to request the commissioner of revenue to notify all municipalities that, if they wish to issue bonds, they must deal with their "caps" in a manner that reflects current market conditions.



Representative Russ Meekins
Chairman, House Finance Committee

CHAIRMAN:
NORMAN J. LEVESQUE

BOARD MEMBERS:
THOMAS K. WILLIAMS
LEE MCANERNEY
LANCE ANDERSON
CARROLL FADER



601 WEST FIFTH AVENUE
SUITE 325
ANCHORAGE, ALASKA 99501
(907) 274-7366

EXECUTIVE DIRECTOR:
DAVID A. ROSE

ALASKA MUNICIPAL BOND BANK AUTHORITY

March 17, 1980

Senator Bob Mulcahy
Senate State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

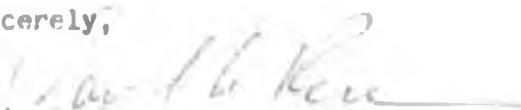
The Board of Directors has asked me to request that you and the Committee calendar debate and action on HB 950 as soon as possible.

This Bill will assist the cities of Anchorage, Kodiak, Ketchikan, Seward, Sitka, Bristol Bay Borough, and the Kenai Peninsula Borough in the marketing of bonds. These seven municipalities all have bond sales scheduled in order to secure funds for use during the summer construction season.

As you know the bond market is in major disarray and interest costs are increasing on a daily basis. Some of these cities cannot sell bonds above the 8% interest level (Anchorage and Sitka), another (Seward) cannot sell above the 7½% level. The others do not have voter mandated restrictions. When HB 950 becomes operative it will serve to provide a subsidy between the market rate of bonds and the mandated cap. For those cities that do not have caps, an 8% cap will be assumed for equity purposes.

If you or the Committee have any questions please do not hesitate to contact me. Please expedite action as much as possible as certain bond sales are scheduled for March 25th on the assumption that the Bill will pass both State Affairs and Finance in the form it left the House.

Sincerely,


David A. Rose
Executive Director

CHAIRMAN:
* NORMAN J. LEVESQUE

BOARD MEMBERS:
THOMAS K. WILLIAMS
LEE MCANERNEY
LANCE ANDERSON
CARROLL FADER



601 WEST FIFTH AVENUE
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EXECUTIVE DIRECTOR:
DAVID A. ROSE

ALASKA MUNICIPAL BOND BANK AUTHORITY

FACTS:

Federal monetary policy directed at contraction of the national money supply has had an adverse effect on the bond market.

The 20 Bond Index, the national standard which indicates the interest rate level of bonds purchased, is presently 8.46. This is the highest level in the history of the country.

Alaska credits are rated by national bond rating services (Moody's and Standard & Poor's) at "A" or below. Many municipalities are unrated. With these ratings interest rates will approximate the 20 Bond Index or will exceed it.

Most Alaskan municipalities, as part of the voter approval process, set a limit on the interest rates they are willing to pay on bonds issued. Some cities set a "capper" of 7 1/2 percent while some others have a "capper" of 8.0 percent.

PROBLEM:

Alaskan cities cannot issue their debt because the current market price of bonds exceeds the "capper" limits.

The Alaskan summer construction season depends on raising funds now. Without sufficient funds, we will lose the season.

Communities affected TODAY:

| | |
|---------------------|----------------|
| Anchorage | 19.0 mm |
| Sitka | 5.6 mm |
| Bristol Bay Borough | 4.0 mm |
| TOTAL: | <u>28.6 mm</u> |

Communities affected in APRIL:

| | |
|---------------------------|----------------|
| Kenai Peninsula Borough | 6.7 mm |
| Seward | 1.7 mm |
| Ketchikan Gateway Borough | .4 mm |
| Kodiak Island Borough | 10-28 mm |
| TOTAL: | <u>18.8 mm</u> |

TOTAL KNOWN BOND ISSUES: 47.4 mm

ASSUMPTION:

The State wishes to assist its municipalities and avoid loss of the Statewide construction season as it pertains to locally funded capital projects.

ALTERNATIVE SOLUTIONS:

1. Fund all projects directly out of the General Fund as grants. (Cost: \$47,400,000).
2. State purchase of bonds issued by the Bond Bank or a municipality at the 7 1/2 - 8 percent level. Hold the bonds in the State portfolio for resale when the market improves. (Cost: \$47,400,000).
3. Direct the Bond Bank to sell its bonds at market and have the Bond Bank purchase municipal debt at the 7 1/2 - 8 percent level. Appropriate the differential to the Bond Bank along with necessary reserve funds to leverage the unexpected increase in bonds sold this fiscal year. (Cost: \$6,000,000).

DISCUSSION:

1. Alternate 1 is rejected as too costly to the State. Municipalities have the debt capacity and their citizens have indicated a willingness to bear the debt burden.
2. Alternate 2 is rejected as a poor investment of State funds. Emergency subsidy can be provided without either temporary or long-term use of \$47,400,000.
3. Alternate 3 is preferred as it uses the least amount of State funds and fully solves the problem. The Bond Bank would utilize approximately \$2,765,000 to increase its leveraging reserves to handle the unanticipated increase in bond sale volume. Approximately \$3,235,000 would be utilized to provide the full subsidy required for the life of the bonds.
4. Funds not utilized for subsidy (dependent on market improvement) would be available to use as leveraging reserves in FY 81.
5. Municipal Bonds would be purchased at the "capper" rate previously approved by municipal voters in each respective political subdivision. In cases where a "capper" has not been prescribed, the 8 percent figure will be used.
6. Action in this matter, in a timely manner, is essential as the inability to raise funds for construction will delay projects and result in further inflated costs. The sagging construction industry cannot afford a further decline in activity. While bonded costs are \$47,400,000, total construction is much higher as other State and Federal funds are being used -- contingent on the availability of local funds.

RECOMMENDATION:

1. That the sum of \$6,000,000 be added to the Bond Bank Statutory Reserve Fund through supplemental appropriation.
2. That the Bond Bank sell its bonds at prevailing market rates. That proceeds be used to purchase municipal bonds in the approximate amount of \$47,400,000; and the above appropriation be utilized for leverage reserves and subsidy.
3. That the sale of bonds on behalf of Anchorage, Bristol Bay Borough and Sitka, take place on or about March 12, 1980, dependent upon date of passage of supplemental funding. Sale of bonds on behalf of the other cities will take place in late April as presently scheduled or at another date as specified by the cities involved.

V Rose
2/26/80

20 BOND INDEX

| | |
|------|------|
| 2/14 | 7.71 |
| 2/21 | 8.46 |
| 2/28 | 8.71 |
| 3/6 | 8.94 |
| 3/13 | 9.10 |

ALASKA MUNICIPAL BOND BANK
NOTICE OF MEETING

TIME: 9:00 A.M. Alaska Standard Time
DATE: Tuesday, February 25, 1980
PLACE: Bond Bank Offices
601 West 5th Avenue, Suite 325
Anchorage, Alaska 99501

PURPOSE: Approval of a General Bond Resolution-Special Issue

Approval of a Series Resolution providing for the issuance of \$10,080,000 Alaska Municipal Bond Bank, General Obligation Bonds, 1980 First Special Issue (Bristol Bay Borough-City and Borough of Sitka).

Consideration of amended loan agreements for the Sitka and Bristol Bay Boroughs.

Consideration of Underwriting Agreement, Contract of Purchase, approval and release of Official Statement.

Consideration of a resolution authorizing preparation, execution, and delivery of bonds.

Consideration of a Resolution appointing paying agents.

Actions regarding loans to Kenai Peninsula Borough (6.7 million) and City of Seward (1.7 million).

Approval of loan application from Ketchikan Gateway Borough. (\$400,000)

Other general business of the Authority

Note: Certain items on the agenda will be considered dependent upon passage of legislation pertaining to State subsidization of local government debt interest costs. If legislation has not been passed, the meeting may stand in recess pending enactment. The recessed meeting may be reconvened without further public notice. Those persons present at this meeting will be given notice of the time and place of the reconvening of the meeting.

/s/ David A. Rose
Executive Director

Municipal Newsletter

Foster & Mc...

February 25, 1980

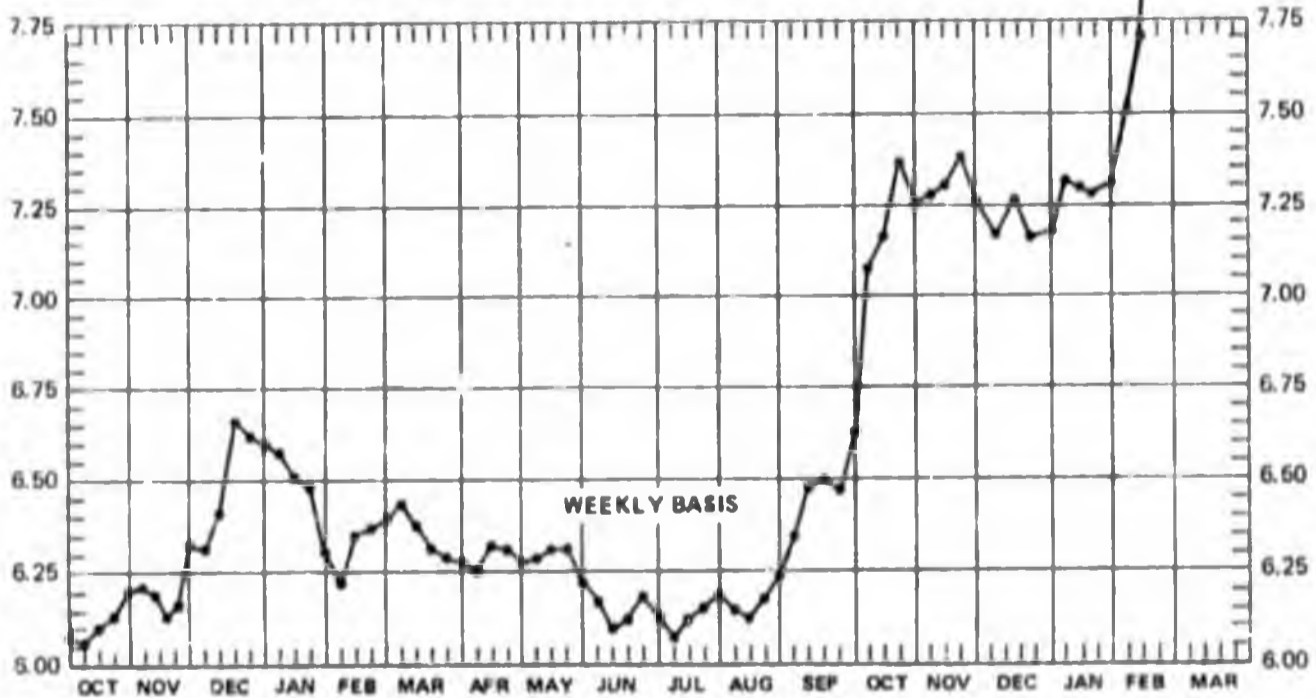
What municipal bond market? Just when we thought things couldn't get worse, the bottom fell out. The Bond Buyer's Municipal Bond Index went off the scale with an unprecedented jump of 71 basis points in one week, to stand at 8.46%.

The chaotic money market situation is a result of the failure of the Carter Administration to recognize the problem, let alone the solutions. The current annualized inflation rate of 20% is a result of continuing federal deficits and the very rapid rise in petroleum prices. These problems aren't going to be solved by high interest rates; in fact, the record high interest rates of today are in themselves inflationary.

Unless the government takes immediate, decisive action to come to grips with the problem, it will get worse before it gets better. High interest rates may be with us through the balance of this year, and as long as inflation continues at the present rate, we will simply have to get used to tax-exempt bond rates at current high levels. Expect to see tax-exempt revenue bond interest rates in excess of 10%. Buyers will be interested mostly in higher quality bonds and in staying with shorter term maturities. It may be difficult or impossible to find a market for some of the lesser quality issues that only a few months ago would have been well received by the market.

It is a time for careful planning of capital improvement financing.

BOND BUYER'S INDEX OF MUNICIPAL INTEREST RATES



An Informational Bulletin of our MUNICIPAL FINANCE DEPARTMENT -- a part of our full range of municipal financing services.

R. O. Yeasting, Senior Vice President
Municipal Finance Department

THE STATEMENTS CONTAINED HEREIN, ALTHOUGH OBTAINED FROM RELIABLE SOURCES, ARE NOT GUARANTEED BY US.

SEATTLE 205 Columbia Street Seattle, Washington 98104 (206) 344-3500

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|---|--|--|---|---|--|---|--|
| <p>Abandon Post Office Box 281 18 South Broadway Seattle, Washington 98101 206-424-7800</p> <p>Anchorage P.O. Box 1000 145 N. 4th Avenue Anchorage, Alaska 99501 907-277-6212</p> <p>Baltimore 100 Riverside Center Building 171 North Avenue North East Post Office Box 5340 Baltimore, Washington 20008 202-877-2000</p> <p>Bellingham 100-200 Thompson St., 2nd Floor 174 West 2nd Street, 3rd Floor Bellingham, Washington 98227 360-734-5500</p> <p>Bend 100 N. E. 2nd Post Office Box 1248 Bend, Oregon 97701 503-325-1248</p> | <p>Billings Post Office Box 1014 200 N. 14th Street Billings, Montana 59101 406-242-2800</p> <p>Boise Post Office Box 3000 211 West 2nd Boise, Idaho 83720 208-333-0000</p> <p>Bozeman Post Office Box 1001 121 E. 1st Street Bozeman, Montana 59717 406-329-1111</p> <p>Bramerton Post Office Box 301 840 4th Street, Suite 201 Bramerton, Washington 98604 206-837-4400</p> <p>Butte 100-1000 100-1000 Building, Suite 200 Butte, Montana 59701 406-837-2000</p> <p>Chico Bay 201 Franklin Building 100 Loring Building Chico Bay, Oregon 97107 503-926-1000</p> | <p>Coeville Post Office Box 1 200 N. 4th Street Coeville, Oregon 97006 503-757-1700</p> <p> Eugene 100-1000 Eugene, Oregon 97401 503-252-4000</p> <p> Everett Post Office Box 1000 1000 North 1st Everett, Washington 98201 206-256-1700</p> <p> Fairbanks 100-1000 100-1000 Building Fairbanks, Alaska 99701 907-452-4000</p> <p> Federal Way 100-1000 100-1000 Building, Suite 101 Federal Way, Washington 98003 206-402-4000</p> <p> Gresham 100-1000 100-1000 Building Gresham, Oregon 97030 503-664-2000</p> <p> Gresham 100-1000 100-1000 Building Gresham, Oregon 97030 503-664-2000</p> | <p>Juneau 100 South Franklin Street Juneau, Alaska 99801 907-584-0000</p> <p> Kirkland 100-1000 100-1000 Building, Suite 101 Kirkland, Washington 98033 206-828-4000</p> <p> Klamath Falls 100-1000 100-1000 Building, Suite 101 Klamath Falls, Oregon 97601 503-862-1700</p> <p> La Grande 100-1000 100-1000 Building, Suite 101 La Grande, Oregon 97030 503-862-1700</p> <p> Lewiston 100-1000 100-1000 Building, Suite 101 Lewiston, Idaho 83401 208-842-1700</p> <p> Linn 100-1000 100-1000 Building, Suite 101 Linn, Oregon 97351 503-734-1700</p> | <p>Medford 100-1000 100-1000 Building, Suite 101 Medford, Oregon 97501 503-754-1700</p> <p> Missoula 100-1000 100-1000 Building, Suite 101 Missoula, Montana 59801 406-337-1700</p> <p> Moses Lake 100-1000 100-1000 Building, Suite 101 Moses Lake, Washington 98941 509-332-1700</p> <p> Mount Vernon 100-1000 100-1000 Building, Suite 101 Mount Vernon, Washington 98271 360-542-1700</p> <p> Olympia 100-1000 100-1000 Building, Suite 101 Olympia, Washington 98501 360-342-1700</p> <p> Pendleton 100-1000 100-1000 Building, Suite 101 Pendleton, Oregon 97651 503-234-1700</p> | <p>Princeton 100-1000 100-1000 Building, Suite 101 Princeton, Oregon 97130 503-534-1700</p> <p>Port Angeles 100-1000 100-1000 Building, Suite 101 Port Angeles, Washington 98281 360-427-1700</p> <p>Portland 100-1000 100-1000 Building, Suite 101 Portland, Oregon 97201 503-242-1700</p> <p>Provo 100-1000 100-1000 Building, Suite 101 Provo, Utah 84601 801-224-1700</p> <p>Redmond 100-1000 100-1000 Building, Suite 101 Redmond, Oregon 97139 503-534-1700</p> <p> Reno 100-1000 100-1000 Building, Suite 101 Reno, Nevada 89501 702-224-1700</p> | <p>Richland 100-1000 100-1000 Building, Suite 101 Richland, Washington 98821 509-342-1700</p> <p>Roanoke 100-1000 100-1000 Building, Suite 101 Roanoke, Oregon 97139 503-534-1700</p> <p> Salem 100-1000 100-1000 Building, Suite 101 Salem, Oregon 97301 503-324-1700</p> <p> Salt Lake City 100-1000 100-1000 Building, Suite 101 Salt Lake City, Utah 84101 801-224-1700</p> <p> Seattle 100-1000 100-1000 Building, Suite 101 Seattle, Washington 98101 206-344-3500</p> | <p>Spokane 100-1000 100-1000 Building, Suite 101 Spokane, Washington 99201 509-324-1700</p> <p> Tacoma 100-1000 100-1000 Building, Suite 101 Tacoma, Washington 98401 206-472-1700</p> <p> Walla Walla 100-1000 100-1000 Building, Suite 101 Walla Walla, Washington 99151 509-824-1700</p> <p> Wenatchee 100-1000 100-1000 Building, Suite 101 Wenatchee, Washington 98801 509-664-1700</p> <p> Yakima 100-1000 100-1000 Building, Suite 101 Yakima, Washington 98901 509-224-1700</p> |
|---|--|--|---|---|--|---|--|

nuveen

John Nuveen & Co. Incorporated

127 North Franklin Street, Suite 222, Juneau, Alaska 99801

(907) 586-1636

(907) 586-1708

March 13, 1980

Senator Robert Mulcahy
Chairman, State Affairs
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Re: House Bill 950

Dear Bob:

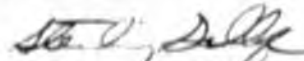
Time is of the essence concerning House Bill 950. The bond market is continuing to deteriorate without strong federal action. In this market, the longer the State waits, the more it will cost in subsidies. Anchorage, Sitka and the Bristol Bay Borough are ready to go to market but are waiting for this bill to pass.

I would appreciate it if you could schedule this bill at your earliest possible convenience.

Thank you for your consideration.

Yours truly,

JOHN NUVEEN & CO. INCORPORATED



Sterling Gallacher
Vice President

SG:jw

Dave Rose of the Alaska Municipal Bond Bank called 3/13/80. They have scheduled a bond sale for March 25, 1980 and would like to get this bill enacted as soon as possible, and he stressed the need to catch the summer construction season.

He said that seven cities have been caught short because of the rate increase. They are:

| <u>CITY</u> | <u>AMOUNT OF BONDS</u> | <u>PURPOSE</u> |
|-------------------------|------------------------|---------------------------|
| Ketchikan | \$ 400,000 | Airports |
| Kodiak | 12,100,000 | Schools |
| *Anchorage | 19,000,000 | Sewer, Roads Library |
| +Seward | 1,700,000 | Electrical Dist. Lines |
| *Sitka | 5,600,000 | Hospital |
| Bristol Bay Borough | 4,000,000 | Schools |
| Kenai Peninsula Borough | 6,700,000 | Hospital |

*Mandated Cap which cant exceed 8%

+Mandated Cap which cant exceed 7½%

Mr. Rose said the letter of intent from the house is in error in that it states that all seven cities have a mandated cap of 8% or below. He said that they were not called to testify in house finance who got confused and didnt understand that only three of the cities have a mandated cap. However, they are treating all seven cities as if they did have a cap of 8%. ~~as the four other cities will not have~~ ^{7½%} time to call a special election and still catch the construction season.

LA11 3445 17.19 JA01 0112 17.19 03/13/80

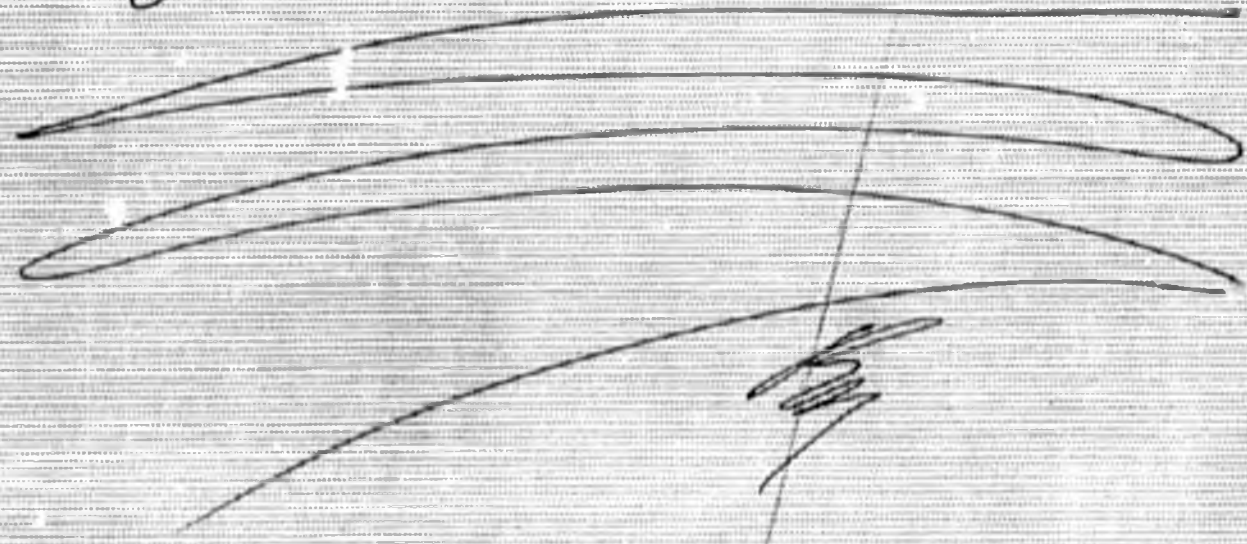
TO: SENATOR MULCAHY, CHAIRMAN SENATE STATE AFFAIRS COMMITTEE

FROM: DAVE ROSE, BOND BANK BOARD OF DIRECTORS
601 W. 5TH AVE., ANC. 99501 274-7366

THE BOND BANK BOARD OF DIRECTORS URGES IMMEDIATE AND FAVORABLE ACTION
ON
HB-950 TO SAVE THE CONSTRUCTION SEASON IN ALASKAN CITIES. PLEASE CALLEN
DER
AS SOON AS POSSIBLE.

####

Passed on Board 2-17



Funding Information
General Fund \$6,000,000
Other Funds -0-
\$6,000,000

Introduced: 3/10/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 950 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Department
7 of Revenue to provide partial interest payments on
8 municipal bonds as a general fund subsidy to local
9 government; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$4,500,000 is appropriated from the general fund
12 to the Department of Revenue, Alaska Municipal Bond Bank Authority, for the
13 purpose of debt service and bond reserves.

14 * Sec. 2. The sum of \$1,500,000 is appropriated from the general fund to
15 the Department of Revenue to pay to the initial purchasers of bonds issued by
16 the Municipality of Anchorage the difference between the price at which bonds
17 of the municipality bearing interest at the rate of eight percent a year are
18 purchased and the initial reoffering price, including the underwriting fee,
19 as certified by the municipality. If the Municipality of Anchorage certifies
20 to the commissioner of revenue that it has determined to sell its bonds to
21 the Alaska Municipal Bond Bank, then the commissioner of revenue shall pay
22 the amount appropriated by this section to the Alaska Municipal Bond Bank for
23 debt service and bond reserves.

24 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

27 PASSED HOUSE 3/11/80 36-1-3

28 SEE LETTER OF INTENT

29 PAGE 690 House Journal

НУР

12

BY RANDOLPH, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, BROWN, CARNEY,
COTTEN, DUNCAN, ELIASON, FREEMAN, FULLER,
GARDINER, GUY, HALFORD, HAUGEN, HAYES,
HURLBERT, MCKINNON, MALONE, MARTIN,
MEEKINS, METCALFE, MILES, MILLER,
MONTGOMERY, MOSS, MUNSON, O'CONNELL,
OSTERBACK, PARKER, FARR PHILLIPS,
ROGERS, SMITH AND ZHAKOFF

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 12

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to the tax exemption granted
6 to federal employees in Alaska and in
7 other locations outside the contig-
8 uous 48 states.

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

10 WHEREAS federal employees in Alaska and in other locations outside the
11 contiguous 48 states receive, in addition to their basic salaries, a cost-
12 of-living allowance of up to 25 per cent of their basic salary (5 U.S.C. sec.
13 5941); and

14 WHEREAS the cost-of-living allowance received by those federal employees
15 is exempt from federal income tax (26 U.S.C. sec. 912); and

16 WHEREAS this constitutes discrimination against nonfederal employees in
17 Alaska and in other locations where federal employees receive tax free cost-
18 of-living allowances since nonfederal employees are subject to the same high
19 cost of living but do not receive the tax relief to offset its effects;

20 BE IT RESOLVED by the Alaska State Legislature that the Alaska delega-
21 tion in Congress introduce and urge the passage of legislation that would
22 exempt from the federal income tax a percentage of the wages and salaries
23 paid to residents of Alaska and in other locations that is equal to the tax
24 free cost-of-living allowance paid to federal employees in Alaska and in
25 other locations; and be it

26 FURTHER RESOLVED that Congress is urged to enact this legislation at the
27 earliest possible time.

28 COPIES of this resolution shall be sent to the Honorable Ted Stevens and
29 the Honorable Mike Gravel, U. S. Senators, and the Honorable Don Young, U. S.

1 Representative, members of the Alaska delegation in Congress.

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would a better approach be to
eliminate the bid's for free
lost of being awarded.

1 Representative, members of the Alaska delegation in Congress.
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24 would a better approach be to
25 eliminate the job's tax free
26 10% of living allowance.
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STATE AFFAIRS COMMITTEE

March 28, 1979

HJR 12 Relating to the tax exemption granted to federal employees in Alaska and in other locations outside the contiguous 48 states

By Randolph et. al.

SUMMARY

This resolution directs the Alaska delegation in Congress to introduce and urge passage of legislation that would exempt from federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax free cost-of-living allowance paid to federal workers in Alaska and other locations.

FISCAL NOTE

None

Backup-HJR 12

| JOB TITLE | SALARY | TAXABLE INCOME | TAX FREE COLA (25%) |
|-------------------------------------|-------------------|----------------|---------------------|
| Accountant II GS-7 | \$1551.00 1446 | \$1241 1157 | \$ 310 289 |
| Accounting Clerk II GS-4 | 1122 978 | 898 782 | 224 195 |
| Admin. Assistant III GS-9 | 1798 1658 | 1438 1326 | 360 332 |
| Civil Engineer GS-11 | 2243 2007 | 1794 1606 | 449 401 |
| Clerk Typist II GS-2 | 995 816 | 796 653 | 199 163 |
| Correctional Officer I GS-7 | 1447 1356 | 1158 1085 | 289 271 |
| Data Process. Equip. Op. GS-4 | 1358 978 | 1086 782 | 272 196 |
| Highway Engineer I GS-11 | 2243 2007 | 1794 1606 | 449 401 |
| Library Assistant II GS-5 | 1447 1094 | 1158 875 | 289 219 |
| Ment. Health Clinician III GS-12 | 2598 2405 | 2078 1924 | 520 481 |
| Nurse I GS-7 | 1358 1446 | 1086 1157 | 272 289 |
| Personnel Technician II GS-6 | 1551 1220 | 1241 976 | 310 244 |
| Purchasing Agent II GS-9 | 2082 1658 | 1666 1326 | 416 332 |
| Right-of-way Agent I GS-9 | 1798 1658 | 1438 1326 | 360 332 |
| Secretary I GS-5 | 1194 1131 | 955 905 | 239 226 |
| Social Worker III GS-9 | 1798 1658 | 1438 1326 | 360 332 |
| Switchboard Operator GS-3 | 995 871 | 796 697 | 199 174 |

Taxable income and cost-of-living allowances were calculated by dividing the salary by 1.25 as the federal salaries listed had been multiplied by 1.25 to calculate COLA. I did the same with the comparable state salaries for comparative purposes.

ALASKA MINIMUM PAY SCALES
Monthly

| Position Title and federal equivalent (GS) | STATE | FEDERAL* |
|--|-----------|-----------|
| Accountant II (GS-7) | \$1551.00 | \$1446.00 |
| Accounting Clerk II (GS-4) | 1122 | 978 |
| Administrative Assistant III (GS-9) | 1798 | 1658 |
| Civil Engineer (GS-11) | 2243 | 2007 |
| Clerk Typist II (GS-2) | 995 | 816 |
| Correctional Officer I (GS-7) | 1447 | 1356 |
| Data Processing Equip. Operator (GS-4) | 1358 | 978 |
| Highway Engineer I (GS-11) | 2243 | 2007 |
| Library Assistant II (GS-5) | 1447 | 1094 |
| Mental Health Clinician III (GS-12) | 2598 | 2405 |
| Nurse I (GS-7) | 1358 | 1446 |
| Personnel Technician II (GS-6) | 1551 | 1220 |
| Purchasing Agent II (GS-9) | 2082 | 1658 |
| Right-of-Way Agent I (GS-9) | 1798 | 1658 |
| Secretary I (GS-5) | 1194 | 1131 |
| Social Worker III (GS-9) | 1798 | 1658 |
| Switchboard Operator (GS-3) | 995 | 871 |

These figures are taken from the STATE OF ALASKA, SURVEY OF SALARIES AND BENEFITS, December 1978. From Division of Personnel and Labor Relations

These are starting salaries for these positions.

*Cost-of-living allowance is figured in.

Alaska State Legislature

LIBERTARIAN
REPRESENTATIVE
RICHARD (DICK) L. RANDOLPH
1105 CUSHMAN ST.
FAIRBANKS, ALASKA 99701



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99801

March 12, 1979

House of Representatives

The Hon. Bob Mulcahy
Alaska State Legislature
Pouch V
Juneau, Ak. 99801

Dear Bob:

What is the status of HJR 12? In view of the time crunch we're under, I'd sincerely appreciate any effort to expedite.

Thanks for your consideration.

Freedom is the issue,

A handwritten signature in cursive script, appearing to read "Dick Randolph".

Dick Randolph
Alaska State Legislature

STATE AFFAIRS COMMITTEE

March 28, 1979

The meeting was brought to order by the Chairman, Bob Mulcahy.

Rick Lauber of the Pacific Seafood Processors testified first on HB 207. He said the bill does what "we" think the original act would do.

"We have no objection to the bill whatsoever, it seems it does only what it should do anyway."

Ziegler asked if anyone had received the letter from the University. He pointed out that the question had been raised that the university does not want to pay for return trips.

Lauber said that processors had had similar situations where someone did not want to complete their contracts but that was covered by the department of labor. He said the only exceptions would be if the contract was really unreasonable.

Kelly said the president wants to be excluded from the bill.

As there were questions and Sen. Ziegler's office was looking for a copy of the letter to share with the committee the chairman addressed the next bill on the agenda.

Jay Hogan, Director of Legislative Finance testified on behalf of HB 45.

Hogan passed out a document compiled by Budget & Audit. The first page contained the act passed in 1977. The second page contained the Governor's veto message. The bill was vetoed then overruled by a unanimous vote of the legislature and put on the books.

The Attorney General's office advised that governor that the act was unconstitutional and the Governor failed to comply with the act.

In January the Governor ceased making transfers but at that time the value of the transfers was about \$2.5 million.

The up shoot is that Budget & Audit found themselves wishing to have no transfers or to have them in accordance to the law passed by the legislature. The legislature went to court knowing they had no power to sue. Without the power to sue the legislature has no power at all during the interim. If the legislature came in after Budget and Audit had filed a suit and said go ahead made Budget & Audit feel that the legal problems on power had been solved.

The committee realized the governor was ignoring the law in August and tried to get a private suit or former legislator but without success. Finally Ramona Kelly sued as a private citizen.

Kelly wanted to know how the legislature goes about suing - if it must be done during the session.

Hogan said there are limited rights. He said the legislature was trying to enforce the law and Budget & Audit was trying to get the law adhered to. It appears that a legislative resolve is necessary to continue the suit. The only other vehicle the legislature would have would be to anticipate problems ahead of time and instruct Budget & Audit what to do before they adjourn and that would be nearly impossible to do.

Rodger Pegues from the Attorney General's office testified next. He said that the AG's office opposes the legislation but does not oppose legislation on the subject. Congress resorts to resolution of the house or both house and gets counsel to present their feelings. The U.S. Attorney General ruled it unconstitutional to bring actions to court. The United States Supreme Court ruled 9-0 that it was unconstitutional.

Surely the legislature could have representation when there is no legal interest at stake. Having house counsel with standing authority would bring in another body of expertise. I don't see a reason for both bodies to have counsel since most issues would be based on constitutional law. He said the bill probably violates the constitution since ours is not that different from the United States Constitution. He also said that the law that the Governor is not complying with is not the transfer law. He described contests where this had been tested.

He said this program would allow every suit. "I think it is a bad idea - I would rather get issues resolved before committees like this. There is more sophistication than in the Supreme Court. I think the bill is an invitation to trouble."

Billy Berrier, Director of Legal Services testified next.

He again passed out copies of the Governor's veto.

He said that it is true that many of the questions that would be involved in this bill such as questions of ballot propositions, questions on a mandate to spend, etc. are resolved in other ways.

The ballot proposition for the constitutional amendment was worded such that the legislature felt it would change the outcome of the election. After the legislature adjourned they didn't want a special session to so the Legislative Council brought a suit. The judge did not decide the constitutionality question. In Pennsylvania the legislature does have the power. The Attorney General has asked for the decision to be dismissed but there hasn't been a decision yet. Berrier said he hadn't attended the Budget and Audit meeting but both bodies felt it was an important piece of legislation.

Rodey said it was a complex legal problem. The question is when the Governor refuses to comply with the law who will carry it out - the legislature or the public.. Because of the checks and balances set up within our government he feels the legislature should. To require a private citizen seems undesirable. The Legislature being able to sue carries out the intent of the constitution.

Most cases would deal with constitutional issues and the court is the proper place to deal with constitutional issues.

Berrier said the type of questions that come up are constitutional, not dealing with something easy that can be solved politically.

Ziegler said he has great reservations but is inclined to vote "do pass".

Kelly wanted to know if the legislature could sue during session.

Berrier said if a resolution is passed.

There was discussion on the reapportionment case.

Ziegler received the letter from the University and said the statutes state that the University is exempt so that should solve his question.

Hogan requested an alternative membership to call on to make up a quorum during the interim for meetings and explained past problems.

Ziegler said it was a worthwhile amendment.

Bradley made a motion it be accepted.

Rodey made a motion the bill be moved out of committee.

Representative Randolph testified on HJR 12. He said it was a very simple resolution making a request on Congress. He said it would be hard to pass in Washington but he felt it was worthwhile for the people of Alaska to ask. He said it would have no affect on the state income tax.

Mulcahy asked for a motion to move the bill out of committee. Bradley made the motion.

Mulcahy asked if SB 207 was resolved to everyones satisfaction.

Kelly made a motion to move the bill with individual recommendations.

Mulcahy said as a matter of housekeeping he would ask for acceptance of the substitute for HB 147.

Kelly made a motion to accept the substitute.

Vern Roberts from the Dept. of Motor Vehicles was present to answer questions.

Ziegler asked if the \$20.00 fee was reasonable.

Roberts said the fee was best to be left in the hands of the legislature.

Rodey said the cost of plates today is \$60.00 - he wasn't advocating an increase but said down the road the cost could create a problem.

Rodey sais he didn't know if we should try to make money with the plates since there was other sources of state revenue.

Roberts said it didn't matter to him that it doesn't cost anymore to try to collect \$50 or \$150. He said the cost for plates hadn't risen for a number of years.

Mulcahy said an increase would touch most families these days two or three times.

Rodey said OPEC touches them a lot more.

MOre discussion arose concerning legislative license plates.

The chairman asked for a motion to move the bill.

Rodey moved that it be passed out for individual recommendation.

HJR 12

Relating to the tax exemption granted to federal employees in Alaska and in other locations outside the contiguous 48 states.

Randolph, etc.

SUMMARY

This resolution directs the Alaska delegation in congress to introduce and urge passage of legislation that would exempt from federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax free cost-of-living allowance paid to federal workers in Alaska and other locations. This constitutes discrimination as non-federal employees in Alaska are subject to the same high cost-of-living but do not receive a tax relief to offset its effects.

SUPPORTING INFORMATION

Nothing from Randolph (prime sponsor) or House State Affairs. Randolph did testify at the House Committee Meeting but I would have to listen to the tapes to find out what he said. The committee passed it out with all members signing DO PASS. This bill is sponsored by 37 of the 40 house members.

See attached salary comparison

FISCAL NOTE: None

RELATED LEGISLATION: None

INTERESTED PARTIES: Department of Administration
BY RANDOLPH, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, BROWN, CARNEY,
COTTEN, DUNCAN, ELIASON, FREEMAN, FULLER,
CARDINER, GUY, HALFORD, HAUGEN, HAYES,
HURLBERT, MCKINNON, MALONE, MARTIN,
MEEKINS, METCALFE, MILES, MILLER,
MONTGOMERY, MOSS, MUNSON, O'CONNELL,
OSTERBACK, PARKER, PARR, PHILLIPS,
ROGERS, SMITH AND ZHAROFF

VOTING: House vote 32-yes, 1-no.

HJR 12

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Randolph, etc.

SUMMARY

This resolution directs the Alaska delegation in congress to introduce and urge passage of legislation that would exempt from the federal income tax a percentage of the wages and salaries paid to residents in Alaska and other locations that is equal to the tax-free cost-of-living allowance paid to federal workers in Alaska and other locations. This constitutes discrimination as non federal employees in Alaska are subject to the same high cost-of-living but do not receive a tax relief to offset its effects.

SUPPORTING INFORMATION

GRAVEL - DCu 224-6665

Will contact House State Affairs on Monday, March 5 1979.

NO Backup

FISCAL NOTE: None

RELATED LEGISLATION: None

INTERESTED PARTIES:

House Vote: 32 yes
1 no

HJR

20

COMMITTEE REPORT

SENATE :

FURTHER: Judiciary

3/20/80

Date: May 27, 1980

Mr. President:

The Committee on STATE AFFAIRS has had CSHJR 20 am

Proposing an amendment to the Constitution of the State Of Alaska relating to appointment and confirmation of members of state boards and commissions

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

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

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

Report no Rec.

[Signature]

[Signature]

[Signature]
CHAIRMAN

in joint session, these orders become effective at a date thereafter to be designated by the governor.

Supervision

SECTION 24. Each principal department shall be under the supervision of the governor.

Department
Heads

SECTION 25. The head of each principal department shall be a single executive unless otherwise provided by law. He shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session, and shall serve at the pleasure of the governor, except as otherwise provided in this article with respect to the lieutenant governor. The heads of all principal departments shall be citizens of the United States.

(The amendment to this section was approved by the voters of the state August 25, 1970 and became effective October 10, 1970. The words "secretary of state" were changed to "lieutenant governor".)

Boards and
Commissions

SECTION 26. When a board or commission is at the head of a principal department or a regulatory or quasi-judicial agency, its members shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session, and may be removed as provided by law. They shall be citizens of the United States. The board or commission may appoint a principal executive officer when authorized by law, but the appointment shall be subject to the approval of the governor.

Recess
Appointments

SECTION 27. The governor may make appointments to fill vacancies occurring during a recess of the legislature, in offices requiring confirmation by the legislature. The duration of such appointments shall be prescribed by law.

ARTICLE IV

THE JUDICIARY

Judicial
Power and
Jurisdiction

SECTION 1. The judicial power of the State is vested in a supreme court, a superior court and the courts established by the legislature. The jurisdic-

tion of courts shall be prescribed by law. The courts shall constitute a unified judicial system for operation and administration. Judicial districts shall be established by law.

Supreme
Court

SECTION 2. (a) The supreme court shall be the highest court of the State, with final appellate jurisdiction. It shall consist of three justices, one of whom is chief justice. The number of justices may be increased by law upon the request of the supreme court.

(b) The chief justice shall be selected from among the justices of the supreme court by a majority vote of the justices. His term of office as chief justice is three years. A justice may serve more than one term as chief justice but he may not serve consecutive terms in that office.

(The amendment to this section was approved by the voters of the state August 25, 1970 and became effective October 10, 1970. Subsection (b) was added.)

Superior
Court

SECTION 3. The superior court shall be the trial court of general jurisdiction and shall consist of five judges. The number of judges may be changed by law.

Qualifications
of Justices
and Judges

SECTION 4. Supreme court justices and superior court judges shall be citizens of the United States and of the State, licensed to practice law in the State, and possessing any additional qualifications prescribed by law. Judges of other courts shall be selected in a manner, for terms, and with qualifications prescribed by law.

Nomination
and
Appointment

SECTION 5. The governor shall fill any vacancy in an office of supreme court justice or superior court judge by appointing one of two or more persons nominated by the judicial council.

Approval or
Rejection

SECTION 6. Each supreme court justice and superior court judge shall, in the manner provided by law, be subject to approval or rejection on a nonpartisan ballot at the first general election held

CSHJR 20 am - Proposing an amendment to the Constitution of the State of Alaska relating to the appointment and confirmation of members of state boards and commissions.

Article III, Section 26 now reads that when a board or commission is at the head of a principal department or regulatory or quasi-judicial agency, its members shall be appointed by the governor and confirmed by the legislature and may be removed as provided by law. They shall be U.S. citizens. The board or commission may appoint a principal executive officer when authorized by law, but the appointment shall be subject to the approval of the governor.

CSHJR 20 repeals and re-enacts Section 26 to provide that the governor shall appoint the members of all state boards and commissions unless otherwise provided by law and they may be removed as provided by law. Unless confirmation is otherwise provided in this article, the legislature shall determine which board and commission members are subject to confirmation by the legislature.

The resolution provides that this amendment be put before the voters at the next general election.

HJR

32

HJR 32

Requesting the establishment of an Arctic Circumpolar Cultural and Technical Interchange Center.

Buchholdt

SUMMARY

Resolves that the legislature urges congress to authorize a program for the establishment and operation in Alaska of an institution concerned with Arctic circumpolar cultural and economic research, development and the exchange of ideas and views through arrangements with public educational or other non-profit institutions; grants, fellowships and other aid to outstanding scholars and authorities from circumpolar nations and making the facilities of the institution available for study to other qualified persons on a reasonable basis.

SUPPORTING INFORMATION

This bill was reported back from House HESS on March 15 with a majority recommending DO PASS. Buchholdt introduced an amendment which was adopted March 19 and the resolution passed the House 38-0.

Mrs. Buchholdt is preparing a memo to our committee which we will get on Monday April 2, 1979. She will also be present to testify at the committee meeting.

RELATED LEGISLATION: None

FISCAL NOTE: None

INTERESTED PARTIES: Buchholdt (She has been notified of the meeting and she will take care of notifying other interested parties.)

April 2, 1979

To Senator Bob Mulcahy,
Chairman
Senate State Affairs Committee

From Rep. Thelma Buchholdt *tb*

Subject HJR 32 am Arctic Circumpolar Center

There have been several attempts at creating a unified circumpolar community during the past few years. Very little success has been seen out of these various endeavors. It's time that we try something that works, and I propose to copy the East-West Center in Hawaii as a model for our Arctic community development embodied in HJR 32.

Although recent activities indicate that we are coming into better communications with other Arctic nations, I feel the need to get the cooperation of the federal government with our state in a way never done before. The establishment of an Arctic Cicumpolar Center would be an answer. The East-West Center in Hawaii has proven to be an effective forum for the federal/state and Asian nations in the expression of human relations, education, and other ventures.

I urge the favorable action of your committee in considering HJR 32 am today.

Thank you.

HJR

70

COMMITTEE REPORT
SENATE

FURTHER: None

3/6/80

Date: MARCH 12, 1980

Mr. President:

The Committee on STATE AFFAIRS has had HJR 70
operations at bush airports in Alaska

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

WALTER LOONEY

Tim Hill

Bob Mulcahy

Don Bradley

Bob Mulcahy

 CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

March 11, 1980

Pouch V
State Capitol
Juneau, Alaska 99811

HJR 70 - Relating to operations at bush airports in Alaska.

BY: Representative Hurlbert, et al.

The resolution states that numerous small communities in Alaska are dependent on aviation for virtually all aspects of their existence. The vast majority of these communities have small, predominately unimproved airstrips ranging from 1400 to 2500 feet in length.

In the past few years, remarkable advances have been made in the development of short takeoff and landing (STOL) aircraft. However, federal regulations adopted in 1952 have not been revised to reflect the latest STOL technology and capabilities. These regulations, which establish an arbitrary maximum gross weight of 12,500 pounds for operations on Alaskan bush airstrips, largely prohibit STOL aircraft from operation on the very airfields for which they were designed.

The operation of STOL aircrafts on bush airstrips would greatly enhance service to Alaskan rural communities, especially by improving the delivery of cargo too large or heavy to be fitted into aircraft now used. This would greatly help the 38 communities suffering energy shortages this winter because of the inability of smaller aircraft to efficiently transport oil.

The Governor has already recommended to the Administrator of Federal Aviation Administration (see attached letter) that he consider requests for exemptions from these regulations (14 C.F.R. section 135.385 (b) and (c), attached) so that STOL aircraft may serve the remote areas of the state. Other F.A.A. regulations (14.C.F.R. sections 11.25 (b) (1) and 11.27, attached) provide for expedited consideration of such requests.

Therefore, the resolution urges the F.A.A. to give prompt and favorable consideration to the requests for exemption from restricting regulations, so that STOL aircraft may be licensed for use at remote airstrips and so that service may begin as soon as possible.

For further details regarding this problem, please see the letter to Representative Hurlbert from Air Logistics of Alaska, Inc., attached.

BY HURLBERT, HALFORD, ANDERSON,
BARNES, BROWN, FREEMAN, FULLER,
HAUGEN, HAYES, MCKINNON, MALONE,
MARTIN, MILES, MILLER, MONTGOMERY,
MOSS, MUNSON, OSTERBACK, RANDOLPH,
ROGERS, ZHAROFF AND GARDINER

1 BY THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to operations at bush air-
6 ports in Alaska.

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

8 WHEREAS the State of Alaska is the largest and most sparsely populated
9 state in the Union, with numerous small communities broadly dispersed; and

10 WHEREAS these communities typically have no roads or other surface
11 access to neighboring communities or to regional population centers for their
12 basic needs; and

13 WHEREAS these communities are necessarily dependent on aviation for all
14 aspects of their existence as well as for their communications with the
15 outside world; and

16 WHEREAS the vast majority of these communities depend on aviation ser-
17 vices provided from small, predominately unimproved airstrips ranging from
18 1400 to 2500 feet in length; and

19 WHEREAS remarkable advances in aviation technology, especially in short
20 takeoff and landing (STOL) equipment have been made in the past few years;
21 and

22 WHEREAS certain regulations of the Federal Aviation Administration
23 adopted in 1952 have not been revised to take into consideration current STOL
24 technology and capabilities; and

25 WHEREAS these regulations establish an arbitrary gross aircraft weight
26 of 12,500 pounds for operations on bush airstrips in Alaska; and

27 WHEREAS the regulations largely prohibit STOL aircraft from operation on
28 the very airfields for which they were designed; and

29 WHEREAS the permission to utilize STOL equipment on bush airstrips in

1 Alaska would greatly enhance service to the rural communities by providing
2 for the more regular and professional delivery of cargo too large or too
3 heavy to be fitted into the aircraft presently used; and

4 WHEREAS the increased efficiency and capability of the use of STOL
5 aircraft would achieve, among other things, a substantial, and a substan-
6 tially needed, increase in the quality of life for the residents of the
7 remote Native villages of Alaska; and

8 WHEREAS the use of STOL aircraft would help the 38 communities in Alaska
9 that are presently suffering a substantial loss in the capability to generate
10 electricity and heat because of difficulty in obtaining oil into the communi-
11 ties during the winter because of the inability of smaller aircraft to effi-
12 ciently transport oil; and

13 WHEREAS the Governor of Alaska has recommended to the Administrator of
14 the Federal Aviation Administration by letter of January 24, 1980, that
15 consideration be given to requests for exemptions from the regulations to
16 resolve the matter and to provide assistance to the rural Alaskan communi-
17 ties; and

18 WHEREAS exemption from regulation 14 C.F.R. section 135.385(b) and (c)
19 of the Federal Aviation Administration would enable operation of such air-
20 craft as the CARIBOU, CASA 212, and similar aircraft to serve the remote
21 areas of the state; and

22 WHEREAS favorable consideration by the Administrator of the Federal
23 Aviation Administration to a request for expedited consideration of the
24 request under 14 C.F.R. sections 11.25(b)(1) and 11.27 would enable service
25 to begin earlier than might otherwise be possible;

26 BE IT RESOLVED by the Alaska State Legislature that the Administrator of
27 the Federal Aviation Administration is urged to give prompt and favorable
28 action to the requests that STOL aircraft be licensed for use at remote
29 Alaskan airstrips.

1 COPIES of this resolution shall be sent to the Honorable Jimmy Carter,
2 President of the United States; to the Honorable Langhorne M. Bond, Adminis-
3 trator of the Federal Aviation Administration, and to the Honorable Ted
4 Stevens and the Honorable Mike Gravel, U. S. Senators and the Honorable Don
5 Young, U. S. Representative, members of the Alaska delegation in Congress.

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HJR 70

Relating to operations at bush
airports in Alaska

By Hurlbert et al.

Small communities in Alaska are ~~typical~~ dependent on aviation for virtually all aspects of their existence. The vast majority of these communities have small, predominately unimproved airstrips ranging from 1400 to 2500 feet in length.

In the past few years remarkable advances have been made in the development of short takeoff and landing (STOL) aircraft. However, federal regulations adopted in 1952 have not been revised to reflect the latest STOL technology and capabilities. These regulations, which establish an arbitrary maximum gross weight of 12,500 pounds for operations on Alaskan bush airstrips, largely prohibit STOL aircraft from operation on the very airfields for which they were designed.

The operation of STOL aircraft on bush airstrips would greatly enhance service to Alaskan rural communities, especially by improving the delivery of cargo too large or heavy to be fitted into aircraft now used. This would help the 38 communities suffering energy shortages this winter because of the inability of smaller aircraft to efficiently transport oil.

The Governor has already recommended to the Administrator of the F.A.A. that he consider requests for exemptions from these regulations (14 C.F.R. section 135.385 (b) and (c)) ^(11.25 and 11.27) so that STOL aircraft may serve the remote areas of the state. Other F.A.A. regulations (14 C.F.R. sections 11.25 (b)(1) and 11.27) ^(11.25 and 11.27) provide for expedited consideration of such requests.

Therefore, this resolution urges the F.A.A. to give prompt

and favorable consideration to the requests for exemption from the restricting regulations, so that STOL aircraft may be licensed for use at remote airstrips and so that service may begin as soon as possible.

§ 11.21

may limit or terminate exemptions so issued by them or by offices whose jurisdiction they may have assumed. Exemptions issued under these circumstances are at all times subject to modification and termination by the Director or Acting Director or officer in charge of the Region concerned, subject to ultimate action by the Director or Acting Director of the Service concerned.

(49 U.S.C. 1344, 1348, 1354, 1430)

[Amdt. 11-2, 29 FR 7091, May 29, 1964, as amended by Amdt. 11-5, 31 FR 11091, Aug. 20, 1966; Amdt. 11-10, 33 FR 17850, Nov. 30, 1968; Amdt. 11-11, 36 FR 3463, Feb. 25, 1971]

Subpart B—Rules Other Than Airspace Assignment and Use

§ 11.21 Scope.

(a) This subpart applies to substantive rules, other than those relating to airspace assignment and use.

(b) Unless the Administrator, for good cause, finds that notice is impracticable, unnecessary, or contrary to the public interest, and incorporates that finding and a brief statement of the reasons for it in the rule, the FAA issues notices of proposed rule making and allows interested persons to participate in rule-making proceedings involving a substantive rule.

(c) Unless the Administrator determines that notice and rule-making procedures are to be followed, interpretive rules, general statements of policy, and rules of FAA organization, procedure, or practice are prescribed as final without notice or rule-making procedures.

(d) Whenever the Administrator so determines, the procedures prescribed in this subpart apply to exempting persons and classes from the requirements of a substantive rule.

§ 11.23 Initiating rule-making procedures.

The Administrator initiates rule-making procedures upon his own motion. However, in doing so, he considers the recommendations of other agencies of the United States and the petitions of other interested persons.

Title 14—Aeronautics and Space

§ 11.25 Petitions for rule making or exemptions.

(a) Any interested person may petition the Administrator to issue, amend, or repeal a rule whether or not it is a substantive rule within the meaning of § 11.21, or for a temporary or permanent exemption from any rule issued by the Federal Aviation Administration under statutory authority.

(b) Each petition filed under this section must—

(1) In the case of a petition for exemption, unless good cause is shown in that petition, be submitted at least 120 days before the proposed effective date of the exemption;

(2) Be submitted in duplicate—

(i) To the appropriate FAA airport field office in whose area the petitioner proposes to establish or has established its airport, in the case of any petition for exemption filed under Part 139 of this chapter; and

(ii) To the Federal Aviation Administration, Washington, D.C. 20591, in all other cases;

(3) Set forth the text or substance of the rule or amendment proposed, or of the rule from which the exemption is sought, or specify the rule that the petitioner seeks to have repealed, as the case may be;

(4) Explain the interests of the petitioner in the action requested including, in the case of a petition for an exemption, the nature and extent of the relief sought and a description of each aircraft or person to be covered by the exemption; and

(5) Contain any information, views, or arguments available to the petitioner to support the action sought, the reasons why the granting of the request would be in the public interest and, if appropriate, in the case of an exemption, the reason why the exemption would not adversely affect safety or the action to be taken by the petitioner to provide a level of safety equal to that provided by the rule from which the exemption is sought.

(Secs. 313(a), 601(c), 72 Stat. 752, 775; 49 U.S.C. 1354(a) 1421(c); sec. 8(c), Department of Transportation Act (49 U.S.C. 1685(c)))

[Docket No. 1242, 27 FR 9586, Sept. 2, 1962, as amended by Amdt. 11-5, 31 FR

Chapter I—Federal Aviation Administration

11091, Aug. 20, 1966; Docket No. 8084, 32 FR 5769, Apr. 11, 1967; Amdt. 11-8, 32 FR 6390, Apr. 25, 1967; Amdt. 11-12, 37 FR 19354, Sept. 20, 1972; Amdt. 11-14, 42 FR 34865, July 7, 1977; 42 FR 36242, July 14, 1977]

§ 11.27 Action on petitions for rule making or exemptions.

(a) No public hearing, argument, or other formal proceeding is held directly on a petition filed under § 11.25, before its disposition by the FAA.

(b) If the Administrator determines that the petition discloses adequate reasons, he issues a notice of proposed rule making, or adopts a final rule, or, if it is in the public interest, grants the exemption.

(c) If the Administrator determines that the petition does not justify instituting rule-making procedures or granting the requested exemption, he notifies the petitioner to that effect.

(d) Specific provisions covering actions on petitions are set forth in Subpart C of this part.

§ 11.29 Notice of proposed rule making.

(a) Each general notice of proposed rule making is published in the FEDERAL REGISTER, unless all persons subject to it are named and are personally served with a copy of it.

(b) Each notice, whether published in the FEDERAL REGISTER or personally served, includes—

(1) A statement of the time, place, and nature of the proposed rule-making proceeding;

(2) A reference to the authority under which it is issued;

(3) A description of the subjects and issues involved or the substance and terms of the proposed rule;

(4) A statement of the time within which written comments must be submitted and the required number of copies; and

(5) A statement of how and to what extent interested persons may participate in the proceedings, as prescribed by §§ 11.21 and 11.33.

(c) A petition for extension of the time for comments must be submitted in duplicate not later than two days before expiration of the time stated in the notice. The filing of the petition does not automatically extend the time for petitioner's comments. Such a

§ 11.21

may limit or terminate exemptions so issued by them or by offices whose jurisdiction they may have assumed. Exemptions issued under these circumstances are at all times subject to modification and termination by the Director or Acting Director or officer in charge of the Region concerned, subject to ultimate action by the Director or Acting Director of the Service concerned.

(49 U.S.C. 1344, 1348, 1354, 1430)

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§ 11.21 Scope.

(a) This subpart applies to substantive rules, other than those relating to airspace assignment and use.

(b) Unless the Administrator, for good cause, finds that notice is impracticable, unnecessary, or contrary to the public interest, and incorporates that finding and a brief statement of the reasons for it in the rule, the FAA issues notices of proposed rule making and allows interested persons to participate in rule-making proceedings involving a substantive rule.

(c) Unless the Administrator determines that notice and rule-making procedures are to be followed, interpretive rules, general statements of policy, and rules of FAA organization, procedure, or practice are prescribed as final without notice or rule-making procedures.

(d) Whenever the Administrator so determines, the procedures prescribed in this subpart apply to exempting persons and classes from the requirements of a substantive rule.

§ 11.23 Initiating rule-making procedures.

The Administrator initiates rule-making procedures upon his own motion. However, in doing so, he considers the recommendations of other agencies of the United States and the petitions of other interested persons.

Title 14—Aeronautics and Space

§ 11.25 Petitions for rule making or exemptions.

(a) Any interested person may petition the Administrator to issue, amend, or repeal a rule whether or not it is a substantive rule within the meaning of § 11.21, or for a temporary or permanent exemption from any rule issued by the Federal Aviation Administration under statutory authority.

(b) Each petition filed under this section must—

(1) In the case of a petition for exemption, unless good cause is shown in that petition, be submitted at least 120 days before the proposed effective date of the exemption;

(2) Be submitted in duplicate—

(i) To the appropriate FAA airport field office in whose area the petitioner proposes to establish or has established its airport, in the case of any petition for exemption filed under Part 139 of this chapter; and

(ii) To the Federal Aviation Administration, Washington, D.C. 20591, in all other cases;

(3) Set forth the text or substance of the rule or amendment proposed, or of the rule from which the exemption is sought, or specify the rule that the petitioner seeks to have repealed, as the case may be;

(4) Explain the interests of the petitioner in the action requested including, in the case of a petition for an exemption, the nature and extent of the relief sought and a description of each aircraft or person to be covered by the exemption; and

(5) Contain any information, views, or arguments available to the petitioner to support the action sought, the reasons why the granting of the request would be in the public interest and, if appropriate, in the case of an exemption, the reason why the exemption would not adversely affect safety or the action to be taken by the petitioner to provide a level of safety equal to that provided by the rule from which the exemption is sought.

(Secs. 313(a), 601(c), 72 Stat. 752, 775, 49 U.S.C. 1354(a), 1421(c), sec. 8(c), Department of Transportation Act (49 U.S.C. 1655(c)))

(Docket No. 1242, 27 FR 9586, Sept. 2, 1962, as amended by Amdt. 11-5, 31 FR

Chapter I—Federal Aviation Administration

11091, Aug. 20, 1966; Docket No. 8084, 32 FR 5769, Apr. 11, 1967; Amdt. 11-8, 32 FR 6390, Apr. 25, 1967; Amdt. 11-12, 37 FR 19354, Sept. 20, 1972; Amdt. 11-14, 42 FR 34865, July 7, 1977; 42 FR 36242, July 14, 1977]

§ 11.27 Action on petitions for rule making or exemptions.

(a) No public hearing, argument, or other formal proceeding is held directly on a petition filed under § 11.25, before its disposition by the FAA.

(b) If the Administrator determines that the petition discloses adequate reasons, he issues a notice of proposed rule making, or adopts a final rule, or, if it is in the public interest, grants the exemption.

(c) If the Administrator determines that the petition does not justify instituting rule-making procedures or granting the requested exemption, he notifies the petitioner to that effect.

(d) Specific provisions covering actions on petitions are set forth in Subpart C of this part.

§ 11.29 Notice of proposed rule making.

(a) Each general notice of proposed rule making is published in the FEDERAL REGISTER, unless all persons subject to it are named and are personally served with a copy of it.

(b) Each notice, whether published in the FEDERAL REGISTER or personally served, includes—

(1) A statement of the time, place, and nature of the proposed rule-making proceeding;

(2) A reference to the authority under which it is issued;

(3) A description of the subjects and issues involved or the substance and terms of the proposed rule;

(4) A statement of the time within which written comments must be submitted and the required number of copies; and

(5) A statement of how and to what extent interested persons may participate in the proceedings, as prescribed by §§ 11.31 and 11.33.

(c) A petition for extension of the time for comments must be submitted in duplicate not later than two days before expiration of the time stated in the notice. The filing of the petition does not automatically extend the time for petitioner's comments. Such a

continue to the airport, to arrive at an altitude of at least 1,500 feet directly over the airport, and after that to fly for 15 minutes at cruise power or thrust, or both; and

(v) The consumption of fuel and oil after the engines fail is the same as the consumption that is allowed for in the net flight path data in the Airplane Flight Manual.

§ 135.385 Large transport category airplanes: turbine engine powered: landing limitations: destination airports.

(a) No person operating a turbine engine powered large transport category airplane may take off that airplane at a weight that (allowing for normal consumption of fuel and oil in flight to the destination or alternate airport) the weight of the airplane on arrival would exceed the landing weight in the Airplane Flight Manual for the elevation of the destination or alternate airport and the ambient temperature anticipated at the time of landing.

(b) Except as provided in paragraph (c), (d), or (e) of this section, no person operating a turbine engine powered large transport category airplane may take off that airplane unless its weight on arrival, allowing for normal consumption of fuel and oil in flight (in accordance with the landing distance in the Airplane Flight Manual for the elevation of the destination airport and the wind conditions anticipated there at the time of landing), would allow a full stop landing at the intended destination airport within 80 percent of the effective length of each runway described below from a point 50 feet above the intersection of the obstruction clearance plane and the runway. For the purpose of determining the allowable landing weight at the destination airport the following is assumed:

(1) The airplane is landed on the most favorable runway and in the most favorable direction, in still air.

(2) The airplane is landed on the most suitable runway considering the probable wind velocity and direction and the ground handling characteristics of the airplane, and considering

other conditions such as landing aids and terrain.

(c) A turbopropeller powered airplane that would be prohibited from being taken off because it could not meet paragraph (b)(2) of this section, may be taken off if an alternate airport is selected that meets all of this section except that the airplane can accomplish a full stop landing within 70 percent of the effective length of the runway.

(d) Unless, based on a showing of actual operating landing techniques on wet runways, a shorter landing distance (but never less than that required by paragraph (b) of this section) has been approved for a specific type and model airplane and included in the Airplane Flight Manual, no person may take off a turbojet airplane when the appropriate weather reports or forecasts, or any combination of them, indicate that the runways at the destination airport may be wet or slippery at the estimated time of arrival unless the effective runway length at the destination airport is at least 115 percent of the runway length required under paragraph (b) of this section.

(e) A turbojet airplane that would be prohibited from being taken off because it could not meet paragraph (b)(2) of this section may be taken off if an alternate airport is selected that meets all of paragraph (b) of this section.

§ 135.387 Large transport category airplanes: turbine engine powered: landing limitations: alternate airports.

No person may select an airport as an alternate airport for a turbine engine powered large transport category airplane unless (based on the assumptions in § 135.385(b)) that airplane, at the weight anticipated at the time of arrival, can be brought to a full stop landing within 70 percent of the effective length of the runway for turbopropeller-powered airplanes and 80 percent of the effective length of the runway for turbojet airplanes, from a point 50 feet above the intersection of the obstruction clearance plane and the runway.



February 16, 1980

The Honorable Vernon L. Hurlbert
Alaska State Representative
State Capitol Building
Pouch V
Juneau, Alaska 99811

Dear Representative Hurlbert:

Thank you so much for your interest and the opportunity to visit with you on the phone last night.

Per our discussion, I am forwarding you a copy of the letter we sent to Senator Ted Stevens just last week which gives a good, concise breakdown of what the problem is and where we are trying to go with it.

Additionally, here is the information I gave you at the end of the phone call on the two specific FAA Sections:

Section 135.385 (b) & (c) of the Federal Air Regulations is the part that tells us how to calculate how long a field needs to be in order for any aircraft which weighs more than 12,500 on its certification papers, to land. With our present charts, it works out to some 3,500 feet under most conditions.

(we cannot make a landing at Sleetmute, technically)

Section 11.25b (1) says that they will normally want us to send in such requests some 120 days before we want it to become effective. Since we started this on 13 Sept. 1979, we feel we've complied and do not need another delay.

Section 11.27(j) says that there are various requirements to publish the request in the Federal Register for a month or so in advance, and since our original one last fall was published, we are requesting that we not be required to go through that again.

The plan now is for Dick Castner and I to leave for D.C. on Monday night and hit our attorney, all three Federal Legislators and a special assistant to President Carter as well as spending some work sessions with our counterparts



-Page 2-

in the FAA. When we come home at the end of the week, we should have it all lined out and ready for final typing. Also, we should have a memo or letter of support from Gravel, Stevens & Young and perhaps one from the White House to go along with the Governor's letter on 24 January 1980.

When we have it all typed and bound, we'll be certain to mail you an advance copy, and then our boss will fly to Washington D.C. for what we hope is a personal appointment with Administrator Langhorn Bond, where he will file the request. Hopefully we will have done our homework so well, that it will be approved in short order and we can begin planning for bush school construction, fuel hauls and other requirements in the short strips.

Our boss is in the States now trying to talk the parent company into looking into putting additional CASA 212s up here to go along with the one that has been such a great workhorse. We have high hopes, and will keep you posted. We look forward to seeing your resolution, and attaching a copy as additional support to our package in a week or two.

Thank you again!

Sincerely,

AIR LOGISTICS OF ALASKA, INC.

Kent Lee Woodman
Special Projects

KLW/gg

Encl: cy Sen Stevens' letter



February 11, 1980

The Honorable Ted Stevens
United States Senate
Washington, D. C.

Dear Ted,

I have been retained on a contract to assist AIR LOGISTICS in a project upon which, I am told, you have received some information from time to time. I refer to the request for exemption to section 135.835(b) and (c) of the FAR's.

Here is a very brief history of events to date:

- Air Log's attorneys filed the original request for exemption in D.C. on 13 September 1979.
- Additional information was provided to the original filing in the form of Supplement Number 1 on 2 November 1979.
- The request for exemption was denied as "not being in the public interest".
- Our time runs out for request for reconsideration on or about the 14th of this month.
- Our attorney will file a very short request momentarily to tie to that time limit.
- We are in draft for Supplement to that request now, and will submit it in D.C. to complete the request.

Here is a very short background on the nature of the FAA regulation and our request and rationale:

- There is a magic figure in FAA regulations for our type operations, a gross aircraft weight of 12,500 pounds. Other aircraft such as the twin otter and the sky van are certified just under this limit in the U.S. in order to operate under certain conditions which are of great importance in Alaska.....though they are certified at higher weights outside of the U.S. where the limit is meaningless.

- Our aircraft, the Spanish CASA 212, is certified for operations in STOL conditions at a gross weight of 14,332 lbs. and a landing weight of 13,781 lbs.
- The FAR provides a formula to be applied to the approach speed of the aircraft, rollout with no reverse and the like, and the results for our aircraft means we are restricted to fields of $\pm 3,500$ feet or more....in spite of the fact that the aircraft was designed for and operates well into fields down to half that figure!

Simply stated, we desired an exemption to that small portion of the FAR's in order that we could compute per the formula with a height over the fence of 20' instead of 50', and a percentage figure of the useful airfield length of 80% instead of 60%. This would result in our operations into fields of approximately 1600 feet.

We have put together quite a bit of material to show PUBLIC NEED AND NECESSITY and to show that considerable higher quality service would be available to the ± 70 fields in the state to which we are now denied. I'll not load this down with a lot of attachments and justifications; they go to the FAA. Suffice it to say that we have a 750 gallon tank modification for hauling fuel oil and nobody else has anything like it. We have hauled building beams 38' long into short dirt strips, and with school construction, Village Safe Water programs and other Public Works projects in the mill, we do not feel that the state is properly prepared for even seasonal work, let alone the long haul coming in the next five (5) to ten (10) years!

Our General Manager is, at this writing, meeting with the parent company President and the Spanish manufacturer's representative to make arrangements for adding two (2) additional CASA's to the Alaskan operations. The first is available immediately, the second at breakup. The future appears even more exciting for fixed wing and helicopter operations as well.

Our chief fixed wing pilot, Richard R. Castner (a fellow Air Guard pilot) and I will be in D.C. 18-22 February time period, and would propose to visit with you for about ten minutes, to show you the draft of the work we have prepared, and obtain any comments you may feel are appropriate. This trip is a working trip with our legal firm and several specialists at the FAA, preparing the draft for final submittal at the end of February or beginning of March.

We feel certain that your office is a focal point for complaints and problems concerning all nature of communications and transportation for villages, towns and cities in Alaska, and that you will have a continuing interest in our effort.

Our purpose in visiting with you is two-fold. First, we would very much appreciate any input that you or your staff may have. Secondly, we would appreciate some sort of indication of support of the effort, such as a memo or letter expressing your feelings on the appropriateness of our request for exemption in order to serve these areas. We will have all the backup documents with us, including charts and letters, and would have them available to answer any specific questions.

We do not request any sort of intervention on our behalf at the FAA, as we feel that our approach is correct, and that we have got it together the way they will want it submitted. We are requesting exemption to the criteria for computing landing distance for specific fields and with self-imposed weight restrictions for the more critical ones; not a blanket approval.

In discussions with your Anchorage office this date, we note that your Thursday-Sunday tour this direction next week will be one of your typical back-breakers, and we would not presume to interfere with it. I spoke with Kristan this morning, and she was to call me back tomorrow on the prospect of a few minutes with you either Tuesday afternoon the 18th, or sometime during the day of the 19th. I wanted to get this letter off to you in order that you and your staff in both offices have the material in advance, so it's signed and mailed without that return call.

I look forward to visiting with you; haven't done it in D.C. for over five years! Thank you very much in advance for your interest.

Sincerely,

AIR LOGISTICS OF ALASKA, INC.



Kent Lee Woodman
Special Projects

KLW:d

- Encl: 1. Gov. Hammond's ltr of 24 Jan 80
2. Executive Summary; Walt Parker Study
3. Work Sheet on Village fuel shortage problem.
(SB 125-Geo Hohman)

problem in context. The 12,500 pound arbitrary dividing line between "small" and "large" airplanes was established on 9 April 1953 by the CAB. Small aircraft in general use at the time were ranging up to a high of nearly 9000 pounds (the D-18 Twin Beechcraft). Larger airplanes started at about 28,000 pounds, (the Douglas DC-3). There was really nothing in between. It seemed that some line of distinction needed to be drawn to define small and large aircraft for certification and operational rule purposes. As a man who took part in the 1953 rule making said recently, "it seemed like a good number at the time". He then added, "and it still does". The rule did not have any real economical impact in 1953. While subsequent airframe and power plant design advanced the rule stagnated and petrified. It is now viewed upon as if it had been written upon a stone tablet in ancient Hebrew and started out "Thou shall not....". It is now an inflexible rule that is two decades behind the world aviation industry and the requirements of the people in this country.

The 12,500 pound rule has been economically stifling to the aviation industry in the whole free world. No manufacturer in the U.S. would consider making an airplane over 12,500 pounds unless it was a genuine large transport airplane, simply because he couldn't sell it. He could certify the airplane under Part 25, but he couldn't sell it because no air taxi or small commercial operator could operate the aircraft under the severe operating rules. Foreign manufacturers all faced the same problems because their best market for selling their airplanes is in the United States. Therefore, airplanes for civil use were not manufactured between 12,500 pounds and roughly 30,000 pounds. It is numbing to think of the fine airplanes that would be providing public service in this country if the 12,500 pound iron curtain had not lasted so long.

When the Spanish originally conceived the CASA 212 they did not consider the 12,500 pound barrier. The Spanish Air Force was providing support to their domestic and African operations with antiquated Douglas DC-3 (C-47) and left over German JU-52s (similar to the Ford Tri-Motor). In the 1960s they looked at the world airplane market and could not locate a suitable replacement. They saw the U.S. C-123s and C-130 Hercules and with those as the basic idea, produced a small version. They designed and are manufacturing the airframe and a few components. The engine, propellers, instruments, radios and almost everything else is of U.S. manufacture. The engines, as an example, are the very fine and well proven Garrett TPE-331 turbo-propeller power plants made in Phoenix. The Spaniards had no requirements to consider the 12,500 pound rule. It was sold to their own, the Portugese, and many South American governments for military use. The airplane first became operational in 1971. There are now over 180 flying in Spain, Portugal, Africa, South America, the Middle East, Indonesia, and Thailand to name a few areas of operation. To date, there has never been a fatal accident in a CASA-212. The airplane received U.S. certification in February, 1977. Since it



December 19, 1979

Representative Vern Hurlburt

Sleetmute, Alaska 99668

Dear Representative Hurlburt:

I wish to thank you for your interest in the problems confronting the aviation industry in Alaska, and hope this summary of our conversation will clarify the points I was trying to make, and perhaps give you some suitable posture to assume, should you deem it worthwhile.

There are three enclosures to this which more or less specify the position we've taken at this time. The petition and supplement to the petition are wordy, so will take a bit of patience on your part. The other enclosure is a sample of a letter which we've sent to various members of the U.S. House and Senate requesting aid or consideration. The letters went to Senators Stevens, Gravel, Glenn, Goldwater, and Cannon, and to Representative Young. Thus far we are not aware of much action one way or the other, though we have gotten letters expressing interest or sympathy.

Briefly, the situation we are dealing with is thus:

Aircraft are certificated under two sets of rules (FAR 23 or FAR 25) depending on gross weight, 12,500 pounds being the dividing line. When an aircraft is certified under FAR 23 and operates under 12,500 gross weight it is free to operate into and out of virtually any situation as long as the flight manual on the aircraft shows it can be done. If an aircraft is certified under FAR 25 certification rules it must take its landing data and compute it to comply with FAR 135.385 which briefly means you compute your required runway length from 50 feet above the end of the runway to the end of the landing roll using brakes only and this must fall within 60% of the available field length. This rule applies to

Boeing 747s right down to aircraft weighing 12,501 pounds.

As I told you, the 12,500 pound dividing line was arrived at in 1953 by arbitrary means. At the time of the decision, aircraft did fall into two relatively distinct categories and the 12,500 pound line was safely between the two. Since that time aircraft weights have been slowly creeping up and you now find numerous aircraft which are certificated to operate at 12,500 pounds, and not a pound more. The penalty paid for one extra pound is enormous.

Recently the FAA recognized the creeping aircraft weights and advances in technology, to some extent, by releasing a Special Federal Air Regulation 41, which allows operators to recertify aircraft which were formerly certified under 12,500 to increase maximum operating weights above that. Paradoxically they ruled that when the aircraft weighs more than 12,500 it must comply with the more stringent rule, but if on one leg of the day you should operate that same aircraft under 12,500 you may ignore it. As anyone can see, this is a situation begging for cheating. Who, for instance, would ever land an aircraft weighing over 12,500 pounds unless it was convenient to do so. Anyone associated with aviation recognizes the fact that much of the weight and balance computation done in the field is done by educated guess, and it is just as easy to guess light if it is convenient to do so.

Now then, the specifics of our situation are thus. We have an aircraft which is perfectly able to operate into 99% of the small bush strips in the state of Alaska, and capable of doing so safely---witness the number of operations on page 3 of the supplement to the Petition. However, despite this demonstrated capability, administrative fiat has declared this off limits for us because we are on the far side of the 12,500 pound line. The FAA has declared that it is perfectly acceptable for us to go into the same strips if we are employed in public service; tax money pays the bill. It thus makes it appear that if safety is the primary concern, it is acceptable to be unsafe while working for the Government, but not so while engaged in free enterprise. This self same situation exists for the Caribou and several other aircraft which fall into what is soon to be known as the "Light Transport" category. This arbitrary rule does not impose a hardship, with few exceptions, anywhere but in Alaska. In Alaska, as you well know, we deal in distances unknown in any other state, and we support literally hundreds of communities by air alone.

As was pointed out time after time in the "Parker Associates" Study, the citizenry in the Bush is paying heavily for the lack of flexibility imposed on them by inadequate runways, lack of options in aircraft kinds, insufficient numbers of aircraft in the hands of the operators, and general lack of interest created by the absence of competition in the industry. This self same absence of competition is likely to continue, for, under the present circumstances, the only real choices in equipment are the Skyvan and the Twin Otter. Any real advances made in either load carrying capability or economy of operation offered by alternative equipment available on the market do not accrue to the bush communities, because of the lack of flexibility imposed by inadequate airports, and/or the 12,500 rule.

One of the suggestions made in the "Parker" study is the upgrading of airports in the state to allow the bush communities to enjoy the benefits of more economical airlift. That, most certainly, is a val'd suggestion. It is, however, costly, and it is a process which is likely to take twenty years or more. There are, after all, more than two hundred airports which fall into that category.

We offer, by way of alternative, the suggestion, the State of Alaska make every effort to secure exception to the operating rules which disallow the use of aircraft such as ours in the strips which already exist. Such exceptions will be granted by the FAA, have been in the past specifically for the State of Alaska (ref. FAR 91.38), if it can be shown it will serve the public interest, and that an equivalent level of safety can be achieved. We can demonstrate the safety aspects, and believe there is an irrefutable case which can be made for the public interest aspect.

We have applied for an exception to the operating rules which would stop us from operating our airplane into the bush communities. We believe it is in the best interest of the citizens of the State of Alaska that the State of Alaska join us in this endeavor via whatever means is available to it.

As a beginning we would suggest that both houses pass a resolution enjoining the Governor to use his good office to petition the FAA for favorable consideration of our Petition for Exemption.

We further believe it is in the best interest of the citizens of the State of Alaska that the Governor further

urge the FAA to consider the unique needs of the State of Alaska if, in the future, other operators should apply for similar exceptions with other equipment which would fall in this newly created Light Transport Category.

Sincerely,

AIR LOGISTICS OF ALASKA, INC.

A handwritten signature in dark ink, appearing to read "Jack Wilson", is written over the typed name.

Jack Wilson
Manager

JW/gg

January 24, 1980

Mr. Langhorn Bond
Administrator
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20591

Dear Mr. Bond:

I would like to express my support of the petition of Air Logistics of Alaska, Inc. for exemption to the operating rules imposed on their CASA 212 aircraft, reference your docket number 19498.

Alaska has many communities whose only practical access for many months of the year is air transportation. Any foodstuffs or fuel transported to these communities at these times would indeed be considered public service operations.

We are presently facing in Alaska, the need to supply at least 30 villages with additional fuel to heat their homes. The only method of delivering this fuel is by aircraft. The availability of aircraft such as the CASA 212 aircraft or the Caribou, would indeed serve the public interest, now and in the future. I would ask that when considering Petitions for Exemption from the provisions of Section 135.385(b) and (c) of the Federal Aviation Regulations, that Alaska's particular circumstances be given every consideration.

The State of Alaska in no way suggests that the FAA compromise its safety standards, but only make provisions for advances in aircraft technology.

We appreciate your consideration of this matter.

Sincerely,

Jay S. Hammond
Governor

bcc: Charles R. Webber
Clarissa Quinlan

Air Logistics
1812 East 5th
Anchorage, Alaska 99501

AIR LOGISTICS

OF ALASKA, INC. A DIVISION OF OFFSHORE LOGISTICS, INC.



December 19, 1979

Representative Vern Hurlburt

Sleetmute, Alaska 99668

Dear Representative Hurlburt:

I wish to thank you for your interest in the problems confronting the aviation industry in Alaska, and hope this summary of our conversation will clarify the points I was trying to make, and perhaps give you some suitable posture to assume, should you deem it worthwhile.

There are three enclosures to this which more or less specify the position we've taken at this time. The petition and supplement to the petition are wordy, so will take a bit of patience on your part. The other enclosure is a sample of a letter which we've sent to various members of the U.S. House and Senate requesting aid or consideration. The letters went to Senators Stevens, Gravel, Glenn, Goldwater, and Cannon, and to Representative Young. Thus far we are not aware of much action one way or the other, though we have gotten letters expressing interest or sympathy.

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urge the FAA to consider the unique needs of the State of Alaska if, in the future, other operators should apply for similar exceptions with other equipment which would fall in this newly created Light Transport Category.

Sincerely,

AIR LOGISTICS OF ALASKA, INC.

A handwritten signature in cursive script, appearing to read "Jack Wilson".

Jack Wilson
Manager

JW/gg



October 8, 1979

Senator Howard Cannon
United States Senate
Washington D. C. 20510

Dear Senator Cannon:

I am writing to you to solicit your aid in an aviation matter. I write to you because of your position as Chairman of the Senate Aviation Subcommittee and at the suggestion of an old friend and comrade, Lt. General Thomas H. Miller USMC (retired). Tom told me of your deep interest in aviation matters. We realize that you are a very busy man, but if you could devote some of your time to this problem, it would be greatly appreciated and would help to rectify an inherent wrong in the Federal Aviation Regulations (FARs). Please excuse the length of this letter. We feel that it is necessarily long in order to thoroughly explain the problem.

Air Logistics of Alaska is introducing a new airplane to Alaska and indeed to North America. This airplane is the Spanish built CASA-212. (There is a photograph of the CASA along with other data enclosed.) The CASA (Construcciones Aeronauticas, S.A.) has a maximum certified take-off weight of 14,332 pounds which, being over 12,500 pounds, places it in the "Large Transport Category". Landing restrictions imposed by the FARs upon this small, simple, and impressive little airplane are the same as those applicable to the behemoths such as the Boeing 747, etc. Air Logistics feels that these operational limitations are wholly unrealistic and has therefore applied for an exemption in order to be allowed to operate this aircraft in a more competitive manner. These landing restrictions deprive Alaska, and particularly the Alaskan bush of the services of this very fine airplane. In our numerous discussions with FAA representatives, we have found an astonishing lack of flexibility in their thinking in the matter. They seem to be able to distinguish only two colors, black and white. This lack of realistic thinking is imposed upon the FAA personnel by the long standing, out of date, and economically stifling 12,500 pound rule. This is the basis of our problem.

A copy of our petition, filed with FAA as docket Number 19498, is attached. This petition explains the situation fairly well, however, there are some other aspects to be considered. In doing so it is necessary to place the whole

problem in context. The 12,500 pound arbitrary dividing line between "small" and "large" airplanes was established on 9 April 1953 by the CAB. Small aircraft in general use at the time were ranging up to a high of nearly 9000 pounds (the D-18 Twin Beechcraft). Larger airplanes started at about 28,000 pounds, (the Douglas DC-3). There was really nothing in between. It seemed that some line of distinction needed to be drawn to define small and large aircraft for certification and operational rule purposes. As a man who took part in the 1953 rule making said recently, "it seemed like a good number at the time". He then added, "and it still does". The rule did not have any real economical impact in 1953. While subsequent airframe and power plant design advanced, the rule stagnated and petrified. It is now viewed upon as if it had been written upon a stone tablet in ancient Hebrew and started out "Thou shall not....". It is now an inflexible rule that is two decades behind the world aviation industry and the requirements of the people in this country.

The 12,500 pound rule has been economically stifling to the aviation industry in the whole free world. No manufacturer in the U.S. would consider making an airplane over 12,500 pounds unless it was a genuine large transport airplane, simply because he couldn't sell it. He could certify the airplane under Part 25, but he couldn't sell it because no air taxi or small commercial operator could operate the aircraft under the severe operating rules. Foreign manufacturers all faced the same problems because their best market for selling their airplanes was in the United States. Therefore, airplanes for civil use were not manufactured between 12,500 pounds and roughly 30,000 pounds. It is numbing to think of the fine airplanes that would be providing public service in this country if the 12,500 pound iron curtain had not lasted so long.

When the Spanish originally conceived the CASA 212 they did not consider the 12,500 pound barrier. The Spanish Air Force was providing support to their domestic and African operations with antiquated Douglas DC-3 (C-47) and left over German JU-52s (similar to the Ford Tri-Motor). In the 1960s they looked at the world airplane market and could not locate a suitable replacement. They saw the U.S. C-123s and C-130 Hercules and with those as the basic idea, produced a small version. They designed and are manufacturing the airframe and a few components. The engine, propellers, instruments, radios and almost everything else is of U.S. manufacture. The engines, as an example, are the very fine and well proven Garrett TPE-331 turbo-propeller power plants made in Phoenix. The Spaniards had no requirements to consider the 12,500 pound rule. It was sold to their own, the Portugese, and many South American governments for military use. The airplane first became operational in 1971. There are now over 180 flying in Spain, Portugal, Africa, South America, the Middle East, Indonesia, and Thailand to name a few areas of operation. To date, there has never been a fatal accident in a CASA-212. The airplane received U.S. certification in February, 1977. Since it

is slightly over 12,500 pounds (1832 pounds) the aircraft was certified under the very stringent rules outlined in FAR 25 as a "Large Transport Category Airplane." Thus it meets the same structural and design safety criteria as the behemoths, whereas its main competitors such as the Short SC-7 Sky Van (manufactured in the United Kingdom) and the Canadian De-Haviland Twin Otter are certified under the much less restrictive measures of SFAR-3 and Part 23 respectively. These very slightly lighter airplanes are allowed to operate under different landing rules. FAR 135.385(b) outlines rules for turbine engine powered Large Transport Category Airplanes. This rule requires the destination airport to be of sufficient length for the aircraft to come to a full stop landing within 60% of the effective length of the runway after passing over the landing end at an altitude of 50 feet. If the approved Airplane Flight Manual (AFM) for a Sky Van, Twin Otter, or any other airplane 12,500 pounds or less indicated a required runway of 1600 feet from over 50 feet, they could legally land on a runway 1600 feet in length. Whereas the CASA pilot would have to factor his 1600 feet with the 60% effective runway rule and would therefore require 2666 feet of runway to legally land his airplane. It has been said by some FAA inspectors that to allow the CASA to operate under the same rules as a Van or Otter would be "unsafe" even though he knows very well that the landing performance data for the CASA is comparable to that of the other two aircraft. He also knows that, due to the certification rules met by the CASA and not the other two aircraft, that the CASA is in fact a safer airplane. The 1832 pounds creates the problem for him and he cannot or will not look over the 12,500 pound wall. On 21 December 1978, the FAA Administrator signed an announcement of a regulatory review of a new proposal Part 24. Part 24 is not applicable here, but a statement that he made in that announcement is. He let it be known that one of his goals is "To implement the President's policy on improving government regulations, agencies must consider alternative ways to deal with a problem and an analysis of the economic consequences of each alternative." FAA personnel that we have encountered do not seem to be taking the Administrator's nor the President's goal very seriously.

Air Logistics has applied for an exemption from the requirements of FAR 135.385(b) and (c). This petition, FAA Docket #19498 attached, goes much further into all the ramifications. Our problem is immediate and becomes more pressing every day. We are desirous of providing much needed services this winter in the further development of the National Petroleum Reserve. In addition, we need some relief from this unrealistic landing restriction in order to provide much better and more versatile service to the Alaskan bush communities. The granting of relief from these staid old rules will not adversely effect aviation safety, and is very definitely in the public interest. If we fail in this matter it is felt that a very fine airplane will be relegated to oblivion in North America. Any assistance that you can provide will be greatly appreciated.

If you or your staff should have further questions, I am at your disposal. In addition, we are represented in this matter by Mr. Edward W. Sauer of Squire, Sanders & Dempsey, 21 Dupont Circle N.W., Washington D.C., telephone 862-7050. Mr. Sauer is well versed on the subject, and is at your disposal.

Sincerely,

AIR LOGISTICS OF ALASKA, INC.

Leslie W. Bays
Leslie W. Bays
Director of Operations

LWB/gg

Please excuse the condition of the duplicated enclosure about two hours after the helicopter on airplane crashed into our hangar. The hangar and fuselage were destroyed by fire. Mr. Sauer can furnish a considerable amount of additional information.

Leslie W. Bays



AIR LOGISTICS

AND

THE CASA 212

Air Logistics is the Aviation Division of Offshore Logistics, Inc. with headquarters in Lafayette, La. The parent company operates over 120 supply, tow, and crew vessels in support of the oil industry worldwide.

Air Logistics operates 110 helicopters and aircraft from various bases in the United States and in a number of overseas countries. The airlift capability is rapidly expanding, with more than 50 new helicopters on order and additional fixed wing aircraft backlogged to fill the logistics support role worldwide.

As the first U.S. operator of the CASA-212 aircraft, Air Logistics of Alaska, Inc. is in a unique position to inform the aviation public of the capabilities of this versatile aircraft. To this end, we have made a comparison study of the CASA 212 and two other aircraft which might be generally considered as its closest competition, namely the DHC-6-300 Twin Otter and the Shorts SC-7 Skyvan. A considerable amount is known about these two aircraft, while the CASA 212 is so new to the market that some general comments on its background are appropriate. The airplane is manufactured by C.A.S.A. (Construcciones Aeronauticas, Sociedad Animas). It is fabricated in four plants in Spain and assembled in their Seville facilities. In the 1960s the Spanish Air Force investigated the world market for an airplane to replace their antiquated C-47 and Junkers 52 (German version of Ford Tri-Motor) airplanes. Because there was nothing available on the market that suited their purposes, they elected to build their own, and the result was an aircraft that appears to bear the blood lines of the U.S. C-123, but on a smaller scale. The airframe is manufactured in Spain but nearly everything else has other origins. The engines, propellers, instruments, radios, navigation equipment, electrical components, batteries, and other principal items, are of U.S. manufacture. The airframe, which is very solidly constructed, was designed and built by CASA, who were producing quality airplanes prior to and during World War II, including such aircraft as the ME-109.

CASA is a partner in the European Airbus Industrie, collaborates in European and Spanish space programs and does major overhaul and repair work on tactical aircraft

of the U.S. Navy's 6th Fleet and the U.S. Air Forces, Europe. In addition, they manufactured approximately 70 F5 Freedom Fighters under license from Northrop. They have designed and are beginning manufacture on the CASA 101 which is a jet trainer similar in configuration to, and is programmed to replace, their aging U.S. T-33s. More than 130 CASA-212 airplanes have been built since 1971 and are operating largely in Europe, the Mid-East, Indonesia, Africa and South America. The airplane is powered by two AirResearch Garrett TPE 331-5-251C engines capable of 840 SHP and flat rated to 750 SHP. The TPE 331 engine has been used very successfully on a world-wide basis on numerous types and models of military and civil aircraft and has been quite effectively operated here in the Far North for more than a decade on Volpar, Skyvan, Swearingen and Mitsubishi airplanes.

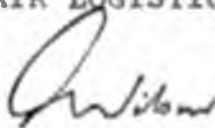
It is not our intention to belittle competitive aircraft or engines, but simply to state the facts as we see them. The attached chart and explanatory notes clearly reflect the basic differences between the three aircraft as presently operated in Alaska and it is our firm conviction that the CASA 212 offers a combination of versatility, operational efficiency, and practical economy that has not been available in an aircraft of this type.

Air Logistics is proud of the part it has played in introducing this fine aircraft to the U.S. and we are confident that it is going to have a long term impact on the aviation industry in this country.

If further information is required either on Air Logistics or the CASA 212, please do not hesitate to contact us.

Sincerely,

AIR LOGISTICS OF ALASKA, INC.



Jack Wilson
Manager

JW/gg

COMPARISON CHART

| No. | Description | CASA 212 | 300 Series Otter | Skyvan |
|-----|---|--|--|--|
| 1. | Max. Gross Takeoff Weight | 14,332 lbs. | 12,500 lbs. | 12,500 lbs. |
| 2. | Useful Load | 5,532 lbs. | 4,760 lbs. | 4,160 lbs. |
| 3. | Passenger Capacity | 19 | 19 | Refer Comments |
| 4. | True Airspeed (Cruise at Max. Weight) | 188 knots | 145 knots | 140 knots |
| 5. | Fuel Capacity | 3,538 lbs. | 2,550 lbs. | 2,340 lbs. |
| 6. | Fuel Consumption | 600 lbs/hr | 600 lbs/hr | 600 lbs/hr |
| 7. | Max Range (45 Min. Res) | 1,050 Stat Mi. | 585 Stat Mi. | 515 Stat Mi. |
| 8. | Takeoff Distance Over 50' Obstacle | 1,700 feet | 1,500 feet | 1,590 feet. |
| 9. | Landing Distance Over 50' Obstacle | 1,750 feet | 1,940 feet | 1,480 feet |
| 10. | Cabin Volume | 840 cu.ft. | 384 cu. ft. | 780 cu. ft. |
| 11. | Cargo Door | Rear Ht. 5'11" Wide 5'7" | Side Ht. 4'2" Wide 4'8" | Rear Ht. 6'5" Wide 5'9" |
| 12. | Hydraulic Ramp | yes | Side Door Only | No |
| 13. | De-Icing Leading Edges Wing Propeller Engine Intake | Pneumatic Boots Electric Electric Bleed Air Heat | Pneumatic Boots Electric or Alcohol Electric No Heat but Snow Baffles | Alcohol or None Alcohol or None Electric Bleed Air Heat |
| 14. | Single Engine Service Ceiling | 13,800 ft. | 11,500 ft. | 8,000 ft. |
| 15. | Charter Rate -Wet (Alaska) | \$660/Hr. | \$560/Hr. | \$500/Hr. |
| 16. | Payload Anchorage- Fairbanks (222 nautical mi.) Cost/Lb. Cost/Naut. Mi. | 4386 lbs. \$.18/lb. \$3.57/NM | 3404 lbs. \$.25/lb. \$3.86/NM | 2780 lbs. \$.29/lb. \$3.58/NM |

EXPLANATION OF COMPARISON CHART

Item 2. Useful Load (Payload + Fuel) Useful load is computed herein by adding the aircraft Basic Empty Weight (BEW), a two-man crew at 170 lbs/man, and 100 pounds for survival equipment/incidentals to reach the Basic Operating Weight (BOW). The computations are as follows:

| | <u>CASA 212-5</u> | <u>300 Series Otter</u> | <u>Skyvan</u> |
|----------------------|-------------------|-------------------------|---------------|
| BEW | 8300 | 7300 | 7900 |
| Survival/Incidentals | 100 | 100 | 100 |
| Crew | *400 | 340 | 340 |
| BOW | <u>8800</u> | <u>7740</u> | <u>8340</u> |
| MGTOW | <u>14,332</u> | <u>12,500</u> | <u>12,500</u> |
| Useful Load | 5,532 lbs. | 4,760 lbs. | 4,160lbs. |

*Aircraft weighing over 12,500 lbs. are required by the new FAR 135.2 (e) (1) (ii) (A) to compute each crewmember at 200 pounds.

Item 3. Passenger Capacity The Skyvan is not certified for the carriage of passengers without the installation of side doors which adds a considerable amount to the basic weight of the aircraft.

Item 4. True Airspeed The CASA 212 speeds are based upon a nearly 10,000 mile flight from Spain to Anchorage and over 400 additional flight hours. The Skyvan figures are based upon over 2000 hours of recent personal flight experience in the Skyvan by one of our supervisory pilots. The 300 Series Twin Otter speeds are based upon flight-experiences of numerous Twin Otter pilots and published reference material.

Item 6. Fuel Consumption The fuel consumption of the three aircraft is almost identical. However, because of its extra speed, the CASA will use less fuel to go the same distance and in fact, savings in fuel costs of over 30 per cent can be expected compared with the two other aircraft.

Items 8 & 9. Take-Off/Landing Distance This data is taken from the respective flight manuals of the three aircraft and is based upon clearing a 50 foot obstacle both on take-off and landing. Operational experience has shown that the Spanish manufacturer has been very conservative in the preparation of the performance charts since the aircraft performance exceeds the published data significantly.

- Item 11. Cargo Door The CASA and Skyvan both have rear loading doors of similar size. The CASA has a hydraulically operated lower loading ramp identical in concept to the C-130 Hercules that is 5'7" x 5'5". This ramp will hold 3600 pounds during loading and affords a 660 pound capacity cargo or luggage compartment. This ramp allows small vehicles (American sub-compacts & Datsun/Toyota size cars and trucks) to be driven on and off the aircraft without any external equipment. The Skyvan does not have such a ramp and the Twin Otter has only a side loading cargo/passenger door.
- Item 13. Anti and De-Icing The CASA 212 and the Skyvan both have engine intake heat while the Twin Otter is equipped with engine intake vanes to deflect excessive snow or rain. The CASA and the Twin Otter have pneumatic boots on all leading edge surfaces while the Alaska based Skyvans vary from a very ineffective alcohol spray system to no anti or de-icing equipment on the surfaces at all. All three aircraft have electrically heated propellers. The CASA has electric windshield heat as do some of the Twin Otters (others have only alcohol). Some Skyvans do not have any windshield anti or de-icing at all and others have alcohol.
- Item 14. Single Engine Service Ceiling The single engine service ceiling of the CASA exceeds that of the Otter by 30% and the Skyvan by over 70% which means that the customer has that much greater safety margin when the aircraft is operating in mountainous areas.
- Item 15. Charter Rate These are the rates (including fuel) currently being charged in Alaska.

In summary, the CASA has the following major advantages over the Twin Otter and the Skyvan:

1. A thirty per cent higher cruise speed which results in reduced costs to the customer.
2. A greater cubic cargo capacity than that of the Skyvan and more than twice the cabin volume of the Twin Otter.
3. A passenger capability exceeding the Skyvan and similar to the Otter, but with extra room and airline type seats.
4. A rear cargo door superior to the Skyvan and with a configuration similar to the Hercules C-130. The Twin Otter has a smaller side door.

6. A range nearly double that of the Twin Otter
and more than double that of the skyvan.

PETITION FOR EXEMPTION

To the Administrator, Federal Aviation Administration

Pursuant to the provisions of Section 11.25 of the Federal Aviation Regulations, Air Logistics of Alaska, Inc. (Air Logistics), hereby petitions the Administrator of the Federal Aviation Administration (FAA) for an exemption from the provisions of Section 135.385(b) and (c) of the Federal Aviation Regulations to the extent necessary to permit Air Logistics to land its present and future CASA 212 aircraft with due regard only to the limitations imposed by its Aircraft Flight Manual. Air Logistics requests expedited processing of this petition pursuant to FAR 11.27(j), and submits that good cause for this expedited processing, as well as for Air Logistics' failure to submit this petition within the 120-day period normally provided by FAR 11.25(b)(1) is clearly established by the information set forth below. Air Logistics also requests that its Operations Specifications be revised accordingly. In support of this petition, Air Logistics states as follows:

1. Petitioner, Air Logistics of Alaska, Inc., is a corporation established in Alaska approximately two years ago as a subsidiary of the Louisiana-based Offshore Logistics, Inc. Offshore Logistics is currently the second largest helicopter carrier in the United States and has amassed the finest helicopter safety record in the industry. Since its inception, Air Logistics has provided transportation services throughout the State of Alaska

primarily through the use of helicopters. In the process, Air Logistics has made a substantial commitment to safety and believes it has compiled a very strong safety record. In 1978, Air Logistics determined that market demand justified the addition of fixed wing equipment to its fleet. Accordingly, on May 11, 1978, Air Logistics took delivery of a CASA 212 STOL aircraft from its Spanish manufacturer, Construcciones Aeronauticas, S.A. The CASA 212 is a twin engine turbopropeller powered fixed wing aircraft with a maximum certificated take-off weight of 14,332 and a landing weight of 13,781 pounds. Its highly sophisticated design characteristics give it outstanding STOL capabilities as shown in the attached landing performance charts taken from its approved flight manual (Attachment A).

13781
12500

12/1

2. Air Logistics purchased its CASA 212 equipment with a view toward operations into and from the Alaskan bush. At the present time, approximately 55% of Alaska's population is concentrated at the major centers of Anchorage, Fairbanks, and Juneau. The remaining population is scattered throughout outlying areas and concentrated primarily around relatively small airfields. These smaller communities are highly dependent upon air service for basic necessities. In particular, construction supplies frequently have to be flown in from central areas, and these shipments typically require high payload capacity, the ability to handle oversized loads and short field capacities. The CASA 212's 5,532-pound useful load and its spacious cargo hold and exceptional

performance characteristics make it ideally suited for supporting Alaskan requirements.

3. Most of the runways at these outlying areas are relatively short. A recent Alaska Supplement of the U. S. Flight Information Publication shows that there are 71 bush airfields between 1500 and 2,000 feet in length, an additional 79 such strips between 2,000 and 2500 feet, and 31 more between 2500 and 3,000 feet. The CASA 212 is well-suited for operation at most of these airfields under appropriate weather conditions, a fact which is readily demonstrated by the manual provisions set forth in Attachment A.

31
79
71

181
31

4. Air Logistics recently was advised by the FAA that, once this aircraft is placed in civil aircraft operations, landings will be permitted only at airstrips sufficiently long to permit a landing from 50 feet over the obstruction clearance plane within 60% of the usable runway space at the primary airport, and 70% at the alternate. This will relegate the CASA 212 when fully loaded to airstrips of approximately 3500 feet or more which, as a practical matter, will destroy its economic viability. Air Logistics submits that the extremely wide margin that these operating limitations provide is totally unnecessary in order to assure the highest degree of safety in operation of this aircraft.

5. FAR 135 draws several distinctions among the aircraft that may be operated by air taxi and commercial operators, such as Air Logistics. The CASA 212, with a maximum certificated take-off weight of 14,332 pounds, technically falls

within the large transport category and thus, pursuant to Section 135.385(b) is required under normal circumstances to operate only to primary airports at which it could land within 60% of the effective length of each runway from a threshold 50 feet above the intersection of the obstruction clearance plane and the runway. FAR 135.385(c) requires that only 70% of the available space at alternate airports be utilized, also subject to the 50-foot rule. In contrast, however, a number of aircraft with which the CASA 212 is capable of directly competing in the Alaskan bush markets -- the SC-7 Sky Van and the DHC-6 Twin Otter, for example -- are permitted to operate under the far less restrictive provisions of FAR 135.399 which do not impose this type of landing requirement upon them as an absolute rule.

The distinction drawn in the Regulations between the CASA 212 and its potential competitor aircraft is based primarily upon the fact that the CASA 212's maximum certificated takeoff weight exceeds 12,500 pounds, thus bringing it into the large aircraft category. The 12,500-pound dividing line was established on April 9, 1953 by the Civil Aeronautics Board and was based on the Board's determination that then-current studies showed that Part 3 of the Civil Air Regulations, as then in existence, "would not result in an acceptable level of safety for future designs of relatively large airplanes irrespective of their use." The Board went on to note that this demarcation was consistent with provisions of its economic regulations and other parts of the Civil Air

Regulations.

There can be no question that aircraft technology has undergone enormous advances since this 1953 CAB decision. In particular, no aircraft comparable to the CASA 212 even in the design stage at that time and indeed none could have been since this aircraft represents state-of-the-art STOL technology at the present time. The studies upon which the CAB based its decision in 1953 thus could not have taken into account aircraft with the operating characteristics of the CASA 212. Indeed, to the extent that the 12,500-pound limitation was chosen in order to achieve harmony with the CAB's economic regulations, this limitation was not strictly based upon safety considerations in the first place.

Air Logistics does not maintain that the 12,500 demarcation should be totally abolished. Instead, its contention is that in the case of the CASA 212, the rigid application of 12,500-pound rule operates to place the aircraft into a class of equipment which, at least as far as landing characteristics are concerned, is not appropriate. The CASA 212 is only marginally over the 12,500-pound demarcation and yet pays a heavy penalty for this slight excess. Because of 1832 pounds of additional take-off weight (1281 pounds of landing weight), the CASA 212 finds itself classified with the very largest of aircraft which air taxis and commercial operators are permitted to utilize, and indeed, with regard to landing limitations, it is treated parallel to even the

most monstrous of widebodied equipment. The fact of the matter is that, notwithstanding its 1800 pounds of additional weight, the ASA 212's performance actually compares much more closely with the smaller aircraft which are operated under Part 135 without the limitation of Part 135.385(b) and (c) than with larger transport category equipment, a fact which is readily apparent from an examination of the pertinent operational data as set forth in Attachment B.

Accordingly, Air Logistics submits that the 12,500-pound limitation is arbitrary when applied to the landing characteristics of the CASA 212, and thus that an exemption from the landing limitations of Part 135.385(b) and (c) should be granted in this case. It is important to understand that Air Logistics does not maintain that the 12,500-pound distinction should be totally discarded since it has in the past served a useful guideline in safety regulation. Instead, it is Air Logistics' belief that in this unique case the extraordinary STOL capacity of the CASA 212 aircraft justifies excepting it from one of the rules normally applicable to the large aircraft category.

6. The CASA 212's unique STOL performance is achieved directly by the design of the aircraft under normal operating procedure. Unlike many other aircraft, the CASA 212 does not utilize special STOL flap settings to achieve its optimum landing and takeoff performance. Instead, take-off and landing procedures and flap settings on short airfields are exactly the same as those applicable to longer runways.

At all points during takeoff and landing, the appropriate V speeds are observed. Thus, the dangers inherent in the special configurations and low speeds which characterize STOL operation of other aircraft are not present in the case of the CASA 212.

7. For all of the reasons cited, Air Logistics submits that safety in aviation would not be adversely affected by permitting the operation of the CASA 212 as a civil aircraft, without application of Part 135.385(b) and (c). This would also have the effect of placing the CASA 212 under landing procedures similar to the Twin Otter and the Skyvan aircraft with which it will be in competition and with which its performance in landing most nearly compares. Indeed, besides weight, the only other distinction drawn between these aircraft in FAR 135 appears based on the earlier date of their type certifications. Air Logistics submits that this represents an unjustifiable penalty to the more recent technological developments which the CASA 212 incorporates. Air Logistics is not requesting unlimited authority to land the CASA 212 at any airport that it chooses under any conceivable set of weather conditions. Instead, it is requesting simply that it be permitted to operate its aircraft with due regard for flight manual limitations. The manual provisions, of course, contain allowances and adjustments for differing meteorological conditions and, in this connection, Air Logistics would intend to apply appropriate adjustment factors in the case of unpaved, wet, or slippery runways in

accordance with established practice. These procedures all contain built-in allowances for safety under varying conditions and thus would in no respect adversely affect safety. In point of fact, the liberal allowances provided by Part 135.385(b) and (c) are simply unnecessary in the case of an aircraft with the CASA 212's capabilities.

8. Under Section 601(c) of the Federal Aviation Act, the Administrator may grant exemptions of the type requested in this petition if he finds that such action would be in the public interest. The public interest is defined for this purpose by Section 103 of the Act to include:

- (a) The regulation of air commerce in such manner as to best promote its development and safety and fulfill the requirements of the national defense;
- (b) The promotion, encouragement, and development of civil aeronautics;

Air Logistics submits that it is clear that, its request for exemption is justified under these statutory standards. That safety would not adversely be affected by the granting of the exemption requested herein has been demonstrated above. At this point, the public interest in the promotion, encourage and development of civil aeronautics should also be considered.

The CASA 212 is a unique aircraft. Its characteristics permit it to utilize very short airfields for bush operations while at the same time affording a relatively large usable load both in terms of weight and space. The CASA Casa 212

this aircraft to runways of more than 3500 feet, the FAA would be effectively limiting it to markets in which it cannot hope to successfully compete under ordinary circumstances. If the exemption requested herein is not promptly granted, an unnecessary restriction would thus destroy the economic usefulness of the CASA 212 and require Air Logistics to give serious consideration to disposing of this aircraft. The end result would again be the unnecessary deprivation of the best possible air service to the people of the Alaskan bush country, and the consignment to oblivion of a very fine aircraft.

9. Air Logistics submits that good cause exists for its failure to file this petition within the 120-day period normally required by FAR 11.25(j)(1) and similarly that expedited processing under FAR 11.27(j) is called for in this case. Initial discussions with officials of the manufacturer and local FAA personnel at the time the aircraft was purchased left Air Logistics with the impression that the strict rules of FAR 135.385(b) and (c) would not be applied to this equipment. When Air Logistics first learned in August of 1979 that FAR 135.385(b) and (c) would be applied to civil operations by this aircraft, it promptly requested deviation authorization from the Alaska regional FAA office. This request was denied on August 28, 1979, and this petition has been submitted as promptly as possible thereafter. In these circumstances, Air Logistics submits that good cause exists for its failure to submit this application

within the 120-day period normally provided by FAR 111.25(b)(1) and similarly that Air Logistics acted in a timely manner in filing this exemption petition within the meaning of FAR 11.27(j)(3)(iii).

The remaining requirements for expedited processing under FAR 11.27(j)(3) are also present here. As noted above, the CASA 212 is a unique commercial aircraft, and Air Logistics owns the only such aircraft presently flying in North America. The granting of an exemption designed to give it greater flexibility in landing would accordingly not seem to create a precedent of wide applicability in other cases. Grant of this exemption to Air Logistics would at most establish the principle that in an extraordinary case where an aircraft is only minimally above the 12,500-pound demarcation and yet performs comparably to aircraft below that line which are not subject to the full FAR 135.385(b) rules, the FAA would be willing to consider the granting of an exemption permitting greater landing flexibility where safety would clearly not be adversely affected. Air Logistics is unaware of any other aircraft existing at the present time whose operating situation parallels the CASA 212 and thus would not expect the grant of this exemption to provide an immediate precedent for any existing aircraft.

It is clear that the delay in acting upon this petition for exemption which would result from the use of standard publication procedures would be seriously detrimental to Air Logistics, as well as to the public interest. Air Logistics'