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HJR 16

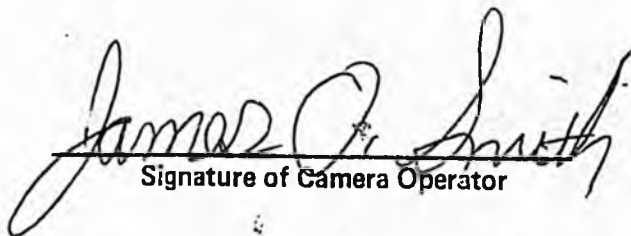
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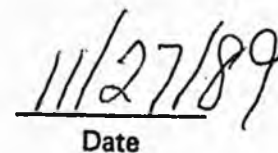


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HJR

16

# Alaska State Legislature

SENATOR  
JOHN B. "JACK" COGHILL  
Chairman

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4921

Senator Jan Faiks—Vice Chairman  
Senator Mitch Abood  
Senator Paul Fischer  
Senator Joe Josephson

## Senate Committee on Transportation

### M E M O R A N D U M

To: Committee members  
From: Committee staff *JM*  
Date: March 18, 1985  
Re: Proposed SCS for CSHJR 16

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This afternoon the committee is scheduled to take up HJR 16, which asks the federal government to continue the Essential Air Service subsidy until its originally scheduled termination date in 1988, rather than to phase it out this year, as President Reagan has proposed. The enclosed background material will explain the how important the program is to many Alaskan communities.

The proposed committee substitute does not change the intent of the original resolution, but does make the background a little more clear and specific.

In addition to the House version and the proposed cs, the background materials include:

- A short staff synopsis
- A senate advisory council memorandum explaining the program
- A CAB document explaining how eligibility for the subsidy is determined
- A copy of PL 98 - 443, CAB sunset legislation passed in 1984
- A copy of the House Conference report on CAB sunset
- Two articles from the Anchorage times explaining the effects of early phase-out of the program
- A short discussion of the subsidy from "Interior Alaska Transportation Study" by DOT/PF

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Senator Jan Falks—Vice Chairman  
Senator Mitch Abood  
Senator Paul Fischer  
Senator Joe Josephson

## Senate Committee on Transportation

TO: COMMITTEE MEMBERS  
FROM: COMMITTEE STAFF *mm*  
DATE: MARCH 18, 1985  
RE: CS FOR HJR 16 (RELATING TO ESSENTIAL AIR SERVICE)

### Background

"The Essential Air Service program which ensures air service to 147 small communities across the nation may fall victim to administration budget cuts.

"The Reagan administration's budget,... reportedly proposes the elimination of federal subsidies to the program, which would save \$35 million to \$45 million in fiscal 1986. The EAS program was instituted by Congress in 1978 when it deregulated the airline industry, to guarantee that service to be phased out in 1988, and in the past three years subsidies have substantially declined. The 1981 level of subsidies was \$116 million, while last year only \$36 million was issued out of a \$51 million appropriation.

"Subsidized air service had existed before the creation of the EAS program. The EAS program had formerly been administered by the Civil Aeronautics Board, which expired Dec. 31, 1984, and is now under the purview of the Department of Transportation."<sup>1</sup>

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<sup>1</sup> AASHTO Journal, Cuts Proposed for Essential Air Service, February 1, 1985, p. 5.

STAFF SYNOPSIS

### Proposed Cuts Would Be Devastating

The EAS program provides communities with passenger and cargo service. The people of these areas are dependent on these services. The effect of the proposed cuts would be immense. An article in the Anchorage Times, 02/03/85, gave a case study of the effect of the proposed cuts on the communities of Atka, in the Aleutians, and St. George, in the Pribilofs.

#### Atka

There are no roads in Atka, therefore, the 100 inhabitants rely on barges and air transport. Without Peninsula Airways, its subsidized carrier, Atka will be completely isolated.

#### St. George

Without service to St. George, the city will be unable to complete a new \$13 million harbor. Without the new harbor, the islands bottomfishing industry would collapse. Without service, the city's tourist industry will deteriorate.

Like Atka and St. George, many communities involved in the FAS program are dependent on one industry. The proposed cuts would be disasterous to the economy of many of Alaska's towns and regions.

Explanation of 406

The Federal Aviation Act of 1958, under section 406, compensates carriers for providing service to communities which do not generate sufficient traffic to cover costs.

Section 419 (of the Airline Deregulation Act of 1978) is a method to fund essential air service to eligible points, i.e., a subsidy. This is intended to guarantee essential air service to small communities served only by one CAB certificated carrier. There are 230 communities in the state of Alaska which are eligible for essential air service.<sup>2</sup> (although not all of them receive subsidized service)

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<sup>2</sup> State of Alaska, Dept. of Transportation and Public Facilities, Interior Alaska Transportation Study, Volume I, page 201 - 204.

Offered: 2/20/85  
Referred Rules

Original sponsors: Cato, Thompson,  
Adams, et al

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE JOINT RESOLUTION NO. 16 (Transportation) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 Relating to essential air service.  
6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
7 WHEREAS Alaskan air carriers are recipients of federal funding under  
8 the U.S. Department of Transportation Essential Air Service program; and  
9 WHEREAS the President of the United States has proposed a budget for  
10 fiscal year 1986 that would eliminate the Essential Air Service program;  
11 and  
12 WHEREAS under the Airline Deregulation Act of 1978 (P.L. 95-504)  
13 Congress provided that the program would continue until 1988; and  
14 WHEREAS Alaska has 38 communities that would be adversely affected by  
15 elimination of the funding; and  
16 WHEREAS Alaskan air operators have been developing free market alter-  
17 natives consistent with the deregulation of air transportation and the  
18 scheduled termination of the subsidy in 1988;  
19 BE IT RESOLVED by the Alaska State Legislature that Congress fully  
20 fund the Essential Air Service program and that the U.S. Department of  
21 Transportation adhere to the scheduled 1988 timetable for elimination of  
22 the program.  
23 COPIES of this resolution shall be sent to the Honorable Ronald  
24 Reagan, President of the United States; the Honorable George Bush, Vice-  
25 President of the United States and President of the U.S. Senate; the Honor-  
26 able Robert Dole, Majority Leader of the Senate; the Honorable Thomas P.  
27 "Tip" O'Neill, Speaker of the U.S. House of Representatives; the Honorable  
28 Elizabeth Dole, Secretary of Transportation; and to the Honorable Ted  
29 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable

1 Don Young, U.S. Representative, members of the Alaska delegation in Con-  
2 gress.

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to essential air service.

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

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

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

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

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

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

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

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

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

PROPOSED COMMITTEE SUBSTITUTE

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

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

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

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

AIR SERVICE IN THE STATE OF ALASKA

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

(2) Notwithstanding any other provision of law, the total amount of compensation which may be paid under section 419 of the Federal Aviation Act of 1958 with respect to the points in Alaska listed in paragraph (4) shall not exceed \$3,572,778 for each of the fiscal years 1985 and 1986 and shall not exceed \$893,135 for service provided during the period beginning October 1, 1986, and ending at the close of December 31, 1986.

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

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

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

And the Senate agree to the same.

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

IDENTIFICATION	BILL NAME "Relating to Essential Air Service"	BILL NUMBER CS HJR 16
		DATE INTRODUCED 2-20-85
		RELATED BILLS PENDING
	SPONSOR(S)  Cato, Thompson, Adams, Et AL	None
		REFERRALS
INITIAL RESEARCH	INITIAL SUMMARY COMPLETED  yes	LEGAL DIVISION SUMMARY
	SPONSOR CONTACTED FOR BACKUP MATERIALS  yes	DEPT OF LAW SUMMARY
	AGENCY RESPONSE  Senate Advisory Council	FISCAL NOTE  None
		OTHER INTERESTED LEGISLATORS NOTIFIED  Cato, Thompson
BACKGROUND RESEARCH	SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES	OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, ETC
	RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS  Fbks Chamber of Commerce - "Interior Ake Trans Study"	
HEARING PREPARATION	CHAIRMAN BRIEFED  yes	DATE & PLACE SET 3-20-85
	STAFF MEMO TO COMMITTEE  yes	TELECONFERENCE  None
	BACKGROUND MATERIAL DISTRIBUTED  yes	PSA/PRESS RELEASE  None
	LIST OF WITNESSES Bob Jacobs - AK: Hsr Carriers Dave Thompson - AK Legislature	SUGGESTED AMENDMENTS/CS DRAFTED  Transportation CS Adopted 3-20-85

# Alaska State Legislature


Advisory Council Members  
Senator Bennett, Chairman  
Senator Kerttula  
Senator Abood  
Senator Sackett



Pouch V  
State Capitol  
Juneau, Alaska 99811  
Phone: (907) 465-3114

## SENATE ADVISORY COUNCIL

### MEMORANDUM

TO: Senator Coghill  
FROM: Gene Doss   
Systems Analyst  
DATE: February 27, 1985  
RE: Essential Air Service

The Essential Air Service Program came into being as a direct result of the Airline Deregulation Act of 1978. The program was, in effect, a sales pitch to those Congressmen who were not in favor of airline deregulation. What the Act did was guarantee a certain specified level of scheduled air service to those locations which might not otherwise receive it due to economic factors.

All of Alaska falls into the category covered by this Act and, in fact, was singled out as a special case before the Act went into effect. This special category was primarily due to the Alaskan geographic problems caused by the absence of an adequate road system to handle the necessary commercial traffic within the State. Commercial traffic in this instance is applicable to either passenger or freight service.

Level of service is determined to be a small or large airplane operation depending upon the type of service required and may be illustrated by the Gustavus route in Southeast Alaska. During the summer months, large aircraft make daily trips because of the great number of tourists who visit the area and the large volumes of freight transported. However, during the winter months when the volume of traffic is negligible, the route is still served by a small airplane making two scheduled trips per week.

Periodically, airlines bid on these essential routes which they do from a strictly business standpoint; that is, the airline agrees to supply the level of service required if there is sufficient profit to make the route worthwhile. This applies to any airline that wins a bid for servicing a particular route. It follows then, that if the Essential Air

SENATE ADVISORY COUNCIL MEMO

Senator Coghill  
February 27, 1985  
Page 2

Service Program received a reduction or an elimination in funding, it will almost certainly cause a reduction or elimination of air service to these communities where it is not economically feasible to maintain a route.

The following attachments were supplied by the U.S. Department of Transportation, Anchorage, Alaska, and reflect the status of the Essential Air Service Program as of January, 1985. These attachments show the points in Alaska that receive Essential Air Service under the program and are broken into two categories; (1) points receiving subsidy and the subsidy amount and, (2) points receiving no subsidy.

GD;cb  
Attachments

FEB 19 1985

ALASKA

Points Receiving Subsidized  
Essential Air Service

<u>Community</u>	<u>Air Carrier</u>	<u>Annual Compensation in */ effect as of Jan. 1985</u>
1. Petersburg	Alaska Airlines	\$ 3,572,778
2. Wrangell		
3. Cordova		
4. Yakutat		
5. Gustavus		
-----		
6. Boswell Bay	Chitina Air Service	\$ 112,986
7. Cape Yakataga		
8. Chitina		
9. Icy Bay		
-----		
10. Chisana	Ellis Air Service	\$ 56,333
X11. Gulkana		
12. May Creek		
13. McCarthy		
-----		
14. Atka Island	Peninsula Airways	\$ 208,088
15. St. George	Peninsula Airways	\$ 97,329
-----		
16. Akhiok	Seair Alaska	\$ 488,735
17. Amook Bay		
18. Karluk		
19. Kitoi Bay		
20. Larsen Bay		
21. Lazy Bay/Alitak		
22. Moser Bay		
23. Old Harbor		
24. Olga Bay		
25. Ouzinkie		
26. Parks/Uzark		
27. Port Bailey		
28. Port Lions		
29. Port Williams		
30. San Juan/Uzanik		
31. Terror Bay		
32. West Point		
33. Zachar Bay		

\*/ Compensation represents a rate applicable for the highlighted group of points unless identified separately.

<u>Community</u>	<u>Air Carrier</u>	<u>Annual Compensation in</u> <u>Effect as of Jan. 1985</u>
34. Farewell	<del>Hub Air</del>	\$ 23,920 **/
35. Flat		
36. Takotna		
37. Tatalina		
-----		
38. Central	Harold's Air Service	\$ 34,320
39. Circle		
-----		
40. Wiseman	Frontier Flying Service	\$ 10,800
Total		\$ 4,605,299

\*\*/ Only in effect if mail is not carried under USPS contract.

ALASKA

~~On a Subsidy-Free Basis as of Jan. 1, 1965~~

POINT

- Adak Island
- Akiachak
- Akiak
- Akutan
- Alakanuk
- Aleknagik
- Allakaket
- Ambler
- Anaktuvuk Pass
- Aniak
- Angoon
- Annette Island
- Anvik
- Arctic Village
- Atmoutluak
- Attu Island
- Barrow/Point Barrow
- Barter Island (Kaktovik)
- Beaver
- Bethel
- Bettles
- Birch Creek
- Brevig Mission
- Buckland
- Candle
- Cape Lisburne
- Cape Newenham \*/
- Cape Romanzof \*/
- Chalkyitsik
- Chatham
- Chevak
- Chicken
- Chifornak (Chefornak)
- Chignak
- Chignik Lake
- Chignik Lagoon

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\*/ These points are currently the subject of carrier selection proceedings with subsidy anticipated.

POINT

Clark's Point  
Cold Bay  
Council  
Craig  
Crooked Creek  
Deering  
Dutch Harbor  
Eagle  
Eek  
Egegik  
Ekuk  
Ekwok  
Elfin Cove  
Elim  
Excursion Inlet  
False Pass  
Fort Yukon  
Funter Bay  
Galena  
Gambell  
Golden Horn  
Golovin  
Goodnews Bay  
Grayling  
Haines  
Hawk Inlet  
Haycock  
Hogatza  
Holy Cross  
Homer  
Hoonah  
Hooper Bay  
Hughes  
Huslia  
Hydaburg  
Igiugig  
Iliamna  
Ivanoff Bay

POINT

Kake  
Kalskag  
Kaltag  
Kenai  
Ketchikan  
Kiana  
King Cove  
King Salmon  
Kipnuk  
Kivalina  
Klawock  
Kobuk  
Koliganek  
Kongiganak  
Kotlik  
Koyuk  
Koyukuk  
Kwethluk  
Kwigillingok  
Kwiguk (Emmonak)  
Kwinhagak  
Lake Minchumina  
Levelock  
Manley Hot Springs  
Manokotak  
Marshall/Fortuna Ledge  
McGrath  
Mekoryuk  
Minto  
Mountain Village  
Naknek  
Napakiak  
Napaskiak  
New Stuyahok  
Newtok  
Noatak

POINT

Noorvik  
Nulato  
Nunapitchuk  
Nyac  
Perryville  
Pelican City  
Pilot Point  
Pilot Staton  
Platinum  
Point Hope  
Point Lay  
Porcupine Creek  
Portage Creek  
Port Heiden  
Prudhoe Bay/Sag River (Deadhorse)  
Queen  
Rampart  
Red Devil  
Ruby  
Russian Mission  
Saginaw Bay  
St. Mary's  
St. Michael  
St. Paul Island  
Sand Point  
Sarichef/Scotch Cap (Cape Sarichef)  
Savoonga  
Scammon Bay  
Selawik  
Seward  
Shageluk  
Shaktoolik  
Sheldon Point  
Shemya Island  
Shishmaref  
Shungnak

POINT

Sitka  
Skagway  
Skwentna  
Sleetmute  
South Naknek  
Stebbins  
Stevens Village  
Stony River  
Tanana  
Tatitlek  
Teller  
Tenakee (Tenakee Springs)  
Tikchik Lake (seasonal)  
Tin City  
Togiak  
Toksook  
Tuluksak  
Tuntatuliak  
Tununak  
Twin Hills  
Ugankik  
Ugashik  
Umiat  
Umnak Island  
Unalakleet  
Utopia  
Valdez  
Venetie  
Wainwright  
Wales  
White Mountain  
Wood River

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



Issued Under Delegated Authority  
 January 25, 1980

*Amended February 8, 1980*

Essential Air Transportation  
 Determination of

Eligible Points in ALASKA

under to section 419(a)(2)(A) of the  
 Federal Aviation Act of 1958, as amended  
 by the Airline Deregulation Act of 1978.

EFFECTIVE: APRIL 8, 1980

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

ESSENTIAL AIR TRANSPORTATION DETERMINATION

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

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

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

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

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

#### GENERAL APPROACH

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

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

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

4/ We have used commuter traffic data for communities where commuter airlines carry a significant amount of traffic, or provide service in key markets. Statistics submitted by commuter carriers are confidential for a one year period, but under section 298.66 of the Board's Economic Regulations, we find that it is in the public interest to disclose 1978 commuter traffic information in this order and all others defining essential air service.

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

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

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

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

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

#### SPECIFIC DETERMINATIONS

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

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

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

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

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

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

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

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

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

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<sup>6/</sup> See Appendix F.

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

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

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

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

## DATA PROBLEMS

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

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

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

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

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

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

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

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

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

#### CURRENT SERVICE

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

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

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

safety record, compliance with FAA regulations, reliability, and other aspects of its operations which affect its fitness, willingness and ability to provide essential air service. When we have finalized our proposed rulemaking on commuter fitness <sup>8/</sup> and completed our investigations we will issue an order with our findings.

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

1. We determine that essential air transportation at all Alaskan eligible communities would consist of at least the service outlined in Appendix A;
2. These determinations shall become effective on the service date of this order;
3. We establish a 60-day period following the service date of this order for interested persons to submit an appeal of this decision containing specific objections supported with relevant economic data, stating how the determination departs from our guidelines for essential air service determinations, and stating the level of essential service that should be designated;
4. We will serve a copy of this order upon the civic officials and airport managers at the communities listed in Appendix A; The Governor of Alaska; the Alaska Transportation Commission; the air carriers, commuter airlines and air taxis listed in Appendix E; and the Board's Alaskan regional office; and
5. We will review this determination within 24 months of the date of service of this order unless circumstances justify an earlier review, or a petition for modification of this finding is filed and granted.

By Barbara A. Clark  
Director  
Bureau of Domestic Aviation

PHYLLIS T. KAYLOR

Secretary

(SEAL)

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE 1/	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
ADAK ISLAND	5	4	Anchorage	2	Large	1976/1978/Present level
AKHIOK	3 <del>(F)</del>	2 <del>(F)</del>	Kodiak	2	Small	Present level
AKIACHAK	2	2	Bethel	2	Small	1978/Present level
AKIAK	3	2	Bethel	2	Small	1976 level
AKUTAN	2	2	Cold Bay	2	Small	Statutory minimum
ALAKANUK	14	12	St. Mary's	2	Small	1978/Present level
ALEKNAGIK	2	2	Dillingham	2	Small	Statutory minimum
ALLAKAKET	5	3	Bettles	2	Small	1978/Present level
AMBLER	7	6	Kotzebue	2	Small	1978/Present level
AMGHITKA	0	0				1976/1978/Present level
AMOOK BAY	1	2/Mo.	Kodiak	2	Small	1978/Present level
ANAKTUVUK PASS	5	4	Bettles or Barrow	2	Small	1976/Present level
ANIAK	3	2	Anchorage	2	Large/Inter- mediate	1978/Present level
ANGOON	5	5	Juneau	2	Small	1978/Present level

1/ See discussion in order for details on this requirement:

Small Aircraft - up to 10 seats

Medium Aircraft - 11-30 seats

Intermediate Aircraft - 30-60 seats

Large Aircraft - over 60 seats.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flag stop

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

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
CANDLE	6 (F)	6 (F)	Kotzebue/Nome	2	Small	Present level
CAPE LISBURNE	3	3	Kotzebue or Barrow	2	Small	1976/Present level
CAPE NEWENHAM	3	3	Bethel	2	Small	1976/1978 Present level
CAPE ROMANZOF	3	3	Bethel	2	Small	1976/1978 Present level
CAPE YAKATAGA	4	3	Cordova	2	Small	1978/Present level
CENTRAL	4	3	Fairbanks	2	Small	1976 level
CHALKYITSIK	6	3	Ft. Yukon	2	Small	1976 level
<del>CHANDALAR</del> <sup>84-10:30</sup>	<del>IRT/Month</del>	<del>IRT/Month</del>	<del>Bettles</del>	<del>2</del>	<del>Small</del>	<del>1976/1978 Present level</del>
CHATHAM	IRT/Month	IRT/Month	Juneau	3	Small	1978/Present level
CHERNOFSKI	2 (F)	1 (F)	Dutch Harbor	2	Small	Uncertain demand
CHEVAK	6	6	Bethel	2	Small	Community request
CHICKEN	1	1	Tok	2	Small	Present level
CHIFORNAK	5	5	Bethel	2	Small	1978/Present level
CHIGNIK	2 (F)	2 (F)	Port Heiden	2	Small	1976/1978 Present level
CHIGNIK LAKE	2 (F)	2 (F)	Port Heiden	2	Small	1976/1978 Present level
CHIGNIK LAGOON	2 (F)	2 (F)	Port Heiden	2	Small	1976/1978 Present level
CHISANA	1	1	Cordova	3	Small	Present level plus community request

(F) means flag stop

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flag stop

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
EKWOK	9	9	Dillingham	2	Small	Present level
ELFIN COVE	1 +5(F)	5(F)	Juneau	2	Small	1978/Present level
ELIM	3	3	Nome	2	Small	1976/1978/Present level
EXCURSION INLET	3	1	Juneau	2	Small	1976 level
FALSE PASS	2	2	Cold Bay	2	Small	Statutory Minimum
FAREWELL	1	1	McGrath	2	Small	1976/1978/Present level
FLAT	1	1	McGrath	2	Small	1978/Present level
FORT YUKON	6	6	Fairbanks	2	Small	1976 level
FUNTER BAY	1	1	Juneau	2	Small	1978/Present level
GALENA	3	2	Anchorage or Fairbanks	2	Large/Inter- mediate	1976/1978/Present level
GAMBELL	15	12	Nome	2	Small	Present level
GOLDEN HORN		ON-DEMAND		2	Small	1976/1978/Present level
GOLOVIN	3	3	Nome	2	Small	1976/1978/Present level
GOODNEWS BAY	3	3	Bethel	2	Small	1976/1978/Present level
GRAYLING	4 +5(F)	4 +5(F)	Aniak or McGrath	2	Small	Present level

(F). means flag stop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flag stop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

1/ Added to our list of eligible points because it appears on Reeve's schedules.

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
PORT BAILEY	6+6(F)	1 +5(F)	Kodiak	2	Small	Present level
PORT HEIDEN	2	2	Anchorage	2	Intermediate	Present level
PORT LIONS	12	10	Kodiak	2	Small	1978/Present level
<del>PORT MOLLER</del>	<del>0</del>	<del>0</del>				<del>Present level</del>
PORT WILLIAMS	1	1	Kodiak	2	Small	1978/Present level
PRUDHOE BAY (DEADHORSE)	7	7	Fairbanks or Anchorage	2	Large	Maximum guarantee
QUEEN	5(F)	3(F)	Dillingham	2	Small	1976 level
RAMPART	7	6	Ft. Yukon or Fairbanks	2	Small	1976 level
RED DEVIL	3	3	Aniak	2	Small	1976/1978/Present lev
RUBY	2	2	Galena or Fairbanks	2	Small	1976/1978/Present lev
RUSSIAN MISSION	5	5	Bethel	2	Small	1978/Present level
<del>SAGINAW BAY</del> <i>81-5-84</i>	<del>1</del>	<del>1RT/MO</del>	<del>Petersburg</del>	<del>2</del>	<del>Small</del>	<del>1978/Present level</del>
ST. GEORGE	<del>2RT/MO</del> <sup>1</sup>	<del>2RT/MO</del> <sup>1</sup>	<del>King Salmon</del> <i>Cow Bay</i>	2	Small	Present level
ST. MARY'S	3	2	Anchorage	2	Large/Inter- mediate	1976/Present level

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

\* SEWARD  
ADDED BY ORDER 81-8-45

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

81-8-79

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

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

(F) means flagstop.

ESSENTIAL AIR SERVICE DETERMINATIONS FOR ALASKAN COMMUNITIES

COMMUNITY	AVERAGE DEPARTURES PER WEEK		SERVICE HUB OR REGIONAL POINT	MAXIMUM NUMBER OF STOPS	AIRCRAFT TYPE	BASIS FOR DETERMINATION
	PEAK SEASON	OFF-PEAK SEASON				
UMIAT	1RT/MO	1RT/MO	Fairbanks	2	Small	Present level
UMNAK ISLAND (NIKOLSKI)	2	2	Cold Bay or Dutch Harbor	2	Small	Statutory minimum
UNALAKLEET	3	3	Anchorage	2	Large	1976 level
UTOPIA	2	2	Galena or Fairbanks	2	Small	1976/1978/Present level
VALDEZ	58	44	Anchorage	2	Small	Guaranteed sufficient seats to yield a 50% load factor
VENETIE	8	3 +6(F)	Ft. Yukon	2	Small	1976 level
WAINWRIGHT	2	2	Barrow	2	Small	1976/1978/Present level
WALES	6	6	Nome	2	Small	1978/Present level
WEST POINT	1	1	Kodiak	4	Small	1976/1978/Present level
WHITE MOUNTAIN	3	3	Nome	2	Small	1976/1978/Present level
WISEMAN	2RT/MO	2RT/MO	Bettles	2	Small	1976/1978/Present level
WOOD RIVER		ON-DEMAND	Dillingham	2	Small	1976/1978/Present level
WRANGELL	7	7	Ketchikan or Juneau	2	Large	1976/1978/Present level
YAKUTAT	7	7	Anchorage or Juneau	2	Large	1976/1978/Present level
ZACHAR BAY	1	1	Kodiak	2	Small	1976/1978/Present level

(F) means flagstop.

Public Law 98-443  
98th Congress

An Act

To amend the Federal Aviation Act of 1958 to terminate certain functions of the Civil Aeronautics Board, to transfer certain functions of the Board to the Secretary of Transportation, and for other purposes.

Oct. 4, 1984  
[H.R. 5297]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

Civil  
Aeronautics  
Board Sunset  
Act of 1984.

SHORT TITLE

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

49 USC app. 1301  
note.

AMENDMENT OF FEDERAL AVIATION ACT OF 1958

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

49 USC app. 1301  
note.

TERMINATION AND TRANSFER OF FUNCTIONS UNDER THE FEDERAL AVIATION ACT OF 1958

SEC. 3. (a) Section 1601(b)(1)(C) is amended by striking out "Justice" and inserting in lieu thereof "Transportation".

49 USC app.  
1551.

(b) Section 1601(a)(3) is amended by inserting after "Act" the following: "(other than section 204)".

(c) Section 1601(a) is amended by adding at the end thereof the following:

Effective dates.

"(4) The following provisions of this Act (to the extent such provisions relate to interstate and overseas air transportation) and the authority of the Board with respect to such provisions (to the same extent) shall cease to be in effect on January 1, 1985:

"(A) Sections 401 (l) and (m) and 405 (b), (c), and (d) of this Act (except insofar as such sections apply to the transportation of mail between two points both of which are within the State of Alaska).

49 USC app.  
1371, 1375.

"(B) Section 403 of this Act.

49 USC app.  
1373.

"(C) Section 404 of this Act (except insofar as such section requires air carriers to provide safe and adequate service).

49 USC app.  
1374.

"(5) The following provisions of this Act and the authority of the Board with respect to such provisions shall cease to be in effect on January 1, 1985:

"(A) Sections 407 (b) and (c) of this Act.

49 USC app.  
1377.

"(B) Section 410 of this Act.

49 USC app.  
1380.

"(C) Section 417 of this Act.

49 USC app.  
1387.

"(D) Sections 1002 (d), (e), (g), (h), and (i) of this Act (except insofar as any of such sections relate to foreign air transportation).

49 USC app.  
1482.

"(6) Sections 412 (a) and (b) of this Act (to the extent such sections relate to interstate and overseas air transportation) and section 414 of this Act (to the extent such section relates to orders made under sections 412 (a) and (b) with respect to interstate and overseas air transportation) and the authority of the Secretary of Transportation under such sections (to the same extent) shall cease to be in effect on January 1, 1989.

"(7) Sections 408 and 409 of this Act and section 414 of this Act (relating to such sections 408 and 409) and the authority of the Secretary of Transportation under such sections (to the same extent) shall cease to be in effect on January 1, 1989.

"(8) Sections 401 (l) and (m) and 405 (b), (c), and (d) of this Act (to the extent such sections apply to the transportation of mail between two points both of which are within the State of Alaska) shall cease to be in effect on January 1, 1989."

(d) Section 1601(b)(1)(D) is amended by inserting after "transportation" the following: "(other than for the carriage of mails between any two points both of which are within the State of Alaska)".

(e) Section 1601(b)(1) is amended by adding at the end thereof the following:

"(E) All authority of the Board under this Act which is not terminated under subsection (a) of this section on or before January 1, 1985, and is not otherwise transferred under this subsection is transferred to the Department of Transportation."

(f) Section 1601(b) is amended by adding at the end thereof the following:

"(3) The authority of the Secretary of Transportation under this Act with respect to the determination of the rates for the carriage of mails between any two points both of which are within the State of Alaska is transferred to the Postal Service and such authority shall be exercised through negotiations or competitive bidding. The transfer of authority under this paragraph shall take effect on January 1, 1989."

#### TRANSFERS OF FUNCTIONS UNDER OTHER LAWS

SEC. 4. (a) There are hereby transferred to and vested in the Secretary of Transportation all functions, powers, and duties of the Civil Aeronautics Board under the following provisions of law:

(1) The International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1159b).

(2) The International Aviation Facilities Act (49 U.S.C. 1151-1160).

(3) The Animal Welfare Act (7 U.S.C. 2131 et seq.).

(4) Section 11 of the Clayton Act (15 U.S.C. 21).

(5) Sections 108(a)(4), 621(b)(5), 704(a)(5), and 814(b)(5) of the Consumer Credit Protection Act (15 U.S.C. 1607(a)(4), 1681s(b)(5), 1691c(a)(5), and 1692l(b)(5)).

(6) Section 382 of the Energy Policy and Conservation Act (89 Stat. 939, 42 U.S.C. 6362).

(7) Section 401 of the Federal Election Campaign Act of 1971 (2 U.S.C. 451).

(8) Section 5402 of title 39, United States Code (to the extent such section relates to foreign air transportation and to air transportation between any two points both of which are within the State of Alaska).

(9) Sections 4746 and 9746 of title 10, United States Code.

(10) Section 3 of the Act entitled "An Act to encourage travel in the United States, and for other purposes" (16 U.S.C. 18b).

(b) The transfer of any authority under subsection (a) of this section shall take effect on January 1, 1985.

(c) The authority of the Secretary of Transportation under section 5402 of title 39, United States Code, with respect to air transportation between any two points both of which are within the State of Alaska shall cease to be in effect on January 1, 1989.

#### COLLECTION OF DATA

SEC. 5. (a) Section 329(b)(1) of title 49, United States Code, is amended to read as follows:

"(1) collect and disseminate information on civil aeronautics (other than that collected and disseminated by the National Transportation Safety Board under title VII of the Federal Aviation Act of 1958 (49 U.S.C. 1441 et seq.)) including, at a minimum, information on (A) the origin and destination of passengers in interstate and overseas air transportation (as those terms are used in such Act), and (B) the number of passengers traveling by air between any two points in interstate and overseas air transportation; except that in no case shall the Secretary require an air carrier to provide information on the number of passengers or the amount of cargo on a specific flight if the flight and the flight number under which such flight operates are used solely for interstate or overseas air transportation and are not used for providing essential air transportation under section 419 of the Federal Aviation Act of 1958;"

(b) The amendment made by this section shall take effect on January 1, 1985.

#### REPORTS

SEC. 6. (a) The Secretary of Transportation shall submit a report to the appropriate committees of Congress not later than July 1, 1987, listing (1) transactions submitted to the Secretary for approval under section 408 of the Federal Aviation Act of 1958, (2) interlocking relations submitted to the Secretary for approval under section 409 of such Act, and (3) the types of agreements filed with the Secretary of Transportation under section 412 of such Act, and, with respect to such transactions, interlocking relationships, and agreements, those that have been exempted from the operation of the antitrust laws under section 414 of such Act. The Secretary shall recommend whether the authority under such sections 408, 409, 412, and 414 should be retained or repealed with respect to interstate and overseas air transportation and with respect to foreign air transportation.

(b) The Secretary of Transportation and the Postmaster General shall each submit a report to the appropriate committees of Congress not later than July 1, 1987, describing how the Secretary and the Postmaster General have administered their respective authorities to establish rates for the air transportation of mail and setting forth the recommendations of the Secretary and the Postmaster General as to whether the authority to establish rates for the transportation of mail between points within the State of Alaska should continue to be carried out by the Secretary by regulatory ratemaking or by the Postal Service through negotiations or competitive bidding.

49 USC app.  
1382.

49 USC app.  
1384.

49 USC app.  
1378, 1379, 1384.

Alaska, mail  
transportation.  
49 USC app.  
1371, 1375.

Alaska, mail  
transportation.  
49 USC app.  
1551.  
Effective date.

Alaska, mail  
transportation.  
Effective date.

49 USC app.  
1553.

49 USC app.  
1159b.

49 USC app. 1151  
note.

15 USC 1692f.

Alaska, mail  
transportation.

Effect

Alaska:  
transp.  
Effect

49 US

Effect  
49 US

49 US  
note.

49 US  
1378.

49 US  
1379.

49 US  
1382.

49 US  
1384.

INCORPORATION BY REFERENCE

49 USC app. 1381.

SEC. 7. (a) Section 411 of the Federal Aviation Act of 1958 is amended by inserting "(a)" after "Sec. 411." and by adding at the end thereof the following new subsection:

"INCORPORATION BY REFERENCE

"(b) Any air carrier may incorporate by reference in any ticket or other written instrument any of the terms of the contract of carriage in interstate and overseas air transportation, to the extent such incorporation by reference is in accordance with regulations issued by the Board."

(b) Section 411 of the Federal Aviation Act of 1958 is amended by inserting before subsection (a) (as designated by subsection (a) of this section) the following subsection heading:

"INVESTIGATIONS".

(c) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading

"TITLE IV—AIR CARRIER ECONOMIC REGULATION"

is amended by striking out

"Sec. 411. Methods of competition."

and inserting in lieu thereof

"Sec. 411. Methods of competition.

"(a) Investigations.

"(b) Incorporation by reference."

REFERENCES TO CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

49 USC app. 1371 note.

SEC. 8. Any reference in any law to a certificate of public convenience and necessity, or to a certificate of convenience and necessity, issued by the Civil Aeronautics Board shall be deemed to refer to a certificate issued under section 401 or 418 of the Federal Aviation Act of 1958.

MISCELLANEOUS AMENDMENTS

49 USC app. 1371, 1388.

SEC. 9. (a)(1) Section 101(11) is amended to read as follows:

"(11) 'All-cargo air service' means the carriage by aircraft in interstate or overseas air transportation of only property or mail, or both."

(2) Section 418(b)(3) is repealed.

(b) Section 1307(a) is amended by striking out ", after consultation with the Civil Aeronautics Board,".

(c) Section 11 of the International Aviation Facilities Act (49 U.S.C. 1159a) is amended in the second sentence by striking out "and the Civil Aeronautics Board" and by striking out "in collaboration with the Civil Aeronautics Board" and inserting in lieu thereof "in collaboration with the Secretary of Transportation".

(d) Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1159b) is amended by—

(1) striking out "the Civil Aeronautics Board." in subsection

(a);

49 USC app. 1388.

49 USC app. 1537.

49 USC app. 1159a.

49 USC app. 1159b.

(2) striking out "Civil Aeronautics Board" and "Board" each time they appear in subsection (b) and the first sentence of subsection (d) and inserting in lieu thereof "Secretary of Transportation" and "Secretary", respectively;

(3) striking out "and the Department of Transportation" in subsection (b)(2); and

(4) striking out the last sentence in subsection (d) and inserting in lieu thereof the following: "The Secretaries of State and Treasury shall furnish to the Secretary of Transportation such information as may be necessary to prepare the report required by this subsection."

(e) Section 5314 of title 5, United States Code, is amended by striking out "Chairman, Civil Aeronautics Board.". Section 5315 of title 5, United States Code, is amended by striking out "Members, Civil Aeronautics Board."

(f) Section 3726(b)(1) of title 31, United States Code, is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation with respect to foreign air transportation (as defined in the Federal Aviation Act of 1958)".

(g)(1) Sections 3401 (b) and (c) of title 39, United States Code, are each amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation".

(2) Section 5005(b)(3) of title 39, United States Code, is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation if for the carriage of mail in foreign air transportation (as defined in section 101 of the Federal Aviation Act of 1958)".

(3) Section 5401(b) of title 39, United States Code, is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation".

(4) Section 5402 of title 39, United States Code, is amended—

(A) by striking out "Civil Aeronautics Board" each place it appears and inserting in lieu thereof "Secretary of Transportation";

(B) in the first sentence of subsection (a), by inserting "in foreign air transportation" after "points";

(C) in the second sentence of subsection (a), by striking out "10 percent of the domestic mail transported under any such contract or";

(D) in the first sentence of subsection (b), by inserting "in foreign air transportation" after "points";

(E) in the first sentence of subsection (c), by inserting "in foreign air transportation" after "points"; and

(F) by adding at the end thereof the following new subsections:

"(d) The Postal Service may contract with any air carrier for the transportation of mail by aircraft in interstate and overseas air transportation either through negotiations or competitive bidding.

"(e) For purposes of this section, the terms 'air carrier', 'interstate air transportation', 'overseas air transportation', and 'foreign air transportation' have the meanings given such terms in section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).

"(f) During the period beginning January 1, 1985, and ending January 1, 1989, the authority of the Secretary of Transportation and the Postal Service under subsections (a), (b), and (c) of this section shall also apply, and the authority of the Postal Service under subsection (d) shall not apply, to the transportation of mail by

49 US note.

49 US 1301.

Effect.

aircraft between any two points both of which are within the State of Alaska and between which the air carrier is authorized by the Secretary to engage in the transportation of mail."

(h) Section 3502(10) of title 44, United States Code, is amended by striking out "the Civil Aeronautics Board,".

(i) Section 15(a) of the Animal Welfare Act (7 U.S.C. 2145(a)) is amended by striking out "the Civil Aeronautics Board" and inserting in lieu thereof "the Secretary of Transportation".

(j) Section 203(j) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(j)) is amended by striking out "the Civil Aeronautics Board".

(k) Sections 4746 and 9746 of title 10, United States Code, are each amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation".

(l) Section 7 of the Clayton Act (15 U.S.C. 18) is amended in the final paragraph by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation" and by striking out "Commission, Secretary, or Board" and inserting in lieu thereof "Commission or Secretary".

(m) Section 11 of the Clayton Act (15 U.S.C. 21) is amended—

(1) in subsection (a), by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation" and by striking out "Civil Aeronautics Act of 1938" and inserting in lieu thereof "Federal Aviation Act of 1958";

(2) in subsection (b), by striking out "Commission or Board" each place it appears and inserting in lieu thereof "Commission, Board, or Secretary"; and

(3) by striking out "commission or board" each place it appears in such section and inserting in lieu thereof "commission, board, or Secretary".

(n) The Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation" each place it appears in section 108(a)(4) (15 U.S.C. 1607(a)(4)), section 621(b)(5) (15 U.S.C. 1681s(b)(5)), section 704(a)(5) (15 U.S.C. 1691c(a)(5)), and section 814(b)(5) (15 U.S.C. 1692l(b)(5)).

(o) Section 3 of the Act entitled "An Act to encourage travel in the United States, and for other purposes" (16 U.S.C. 18b; 54 Stat. 773), is amended by striking out "the Civil Aeronautics Authority,".

(p) Section 47(a)(7)(C) of the Internal Revenue Code of 1954 is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation".

(q) Section 7701(a)(33)(E) of the Internal Revenue Code of 1954 is amended by striking out "Civil Aeronautics Board" and inserting in lieu thereof "Secretary of Transportation".

(r) Section 419(c)(1) is amended by striking out "416(b)(3)" and inserting in lieu thereof "416(b)(4)".

(s) Section 412(c)(2) is amended by striking out "subsection (c) of this section" and inserting in lieu thereof "subsection (a) of this section".

(t) Section 407(e) is amended by striking out the first sentence and inserting in lieu thereof the following: "The Board shall have access to all lands, buildings, and equipment of any air carrier or foreign air carrier when necessary for a determination under section 401, 402, 418, or 419 of this title that such carrier is fit, willing, and able. The Board shall at all times have access to all accounts, records, and memorandums, including all documents, papers, and correspond-

ence, now or hereafter existing, and kept or required to be kept by air carriers, foreign air carriers, or ticket agents. The Board may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine lands, buildings, equipment, accounts, records, and memorandums to which the Board has access under this subsection."

(u) Section 105(a)(1) is amended by striking out "interstate air transportation" and inserting in lieu thereof "air transportation".

(v) The amendments made by this section shall take effect on January 1, 1985.

#### TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL

SEC. 10. (a) The personnel (including members of the Senior Executive Service) employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with, any function transferred by section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act, subject to section 1531 of title 31, United States Code, shall be transferred to the head of the agency to which such function is transferred for appropriate allocation. Personnel employed in connection with functions so transferred, or transferred in accordance with any other lawful authority, shall be transferred in accordance with any applicable laws and regulations relating to transfer of functions. Unexpended funds transferred pursuant to this subsection shall only be used for the purpose for which the funds were originally authorized and appropriated.

(b) In order to facilitate the transfers made by section 1601(b) of the Federal Aviation Act of 1958 and section 4 of this Act, the Director of the Office of Management and Budget is authorized and directed, in consultation with the Civil Aeronautics Board and the heads of the agencies to which functions are so transferred, to make such determinations as may be necessary with regard to the functions so transferred, and to make such additional incidental dispositions of personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with, such functions, as may be necessary to resolve disputes between the Civil Aeronautics Board and the agencies to which functions are transferred by section 1601(b) of the Federal Aviation Act of 1958 and section 4 of this Act.

(c) The Chairman of the Civil Aeronautics Board and the Secretary of Transportation shall, beginning as soon as practicable after the date of enactment of this Act, jointly plan for the orderly transfer of functions and personnel pursuant to section 1601(b) of the Federal Aviation Act of 1958 and section 4 of this Act.

#### EFFECT ON PERSONNEL

SEC. 11. (a) Employees covered by the merit pay system under chapter 54 of title 5, United States Code who are transferred under section 10 of this Act to another agency shall have their rate of basic pay adjusted in accordance with section 5402 of such title. With respect to the evaluation period during which such an employee is transferred, merit pay determinations for that employee shall be

19 USC app.  
1305.

Effective date  
5 USC 5314 n

19 USC app.  
1551.

19 USC app.  
1551.

19 USC app.  
1551.  
5 USC 5401  
5402.

5 USC 47.

5 USC 7701.

5 USC app.  
489.

5 USC app.  
482.

5 USC app.  
477.

5 USC app.  
471, 1372, 1388,  
489.

5 USC 5402. based on the factors in section 5402(b)(2) of such title as appraised in performance appraisals administered by the Civil Aeronautics Board in accordance with chapter 43 of title 5, United States Code, in addition to those administered by the agency to which the employee is transferred.

5 USC 1301 et seq.

49 USC app. 1551.

(b) With the consent of the Civil Aeronautics Board, the head of each agency to which functions are transferred by section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act is authorized to use the services of such officers, employees, and other personnel of the Board for such period of time as may reasonably be needed to facilitate the orderly transfer of such functions.

#### SAVINGS PROVISIONS

49 USC app. 1556.

SEC. 12. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any agency or official thereof, or by a court of competent jurisdiction, in the performance of any function which is transferred by section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act from the Civil Aeronautics Board to another agency, and

(2) which are in effect on December 31, 1984, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the head of the agency to which such function is transferred, or other authorized officials, a court of competent jurisdiction, or by operation of law.

(b) The transfers of functions made by section 1601(b) of the Federal Aviation Act of 1958 and section 4 of this Act shall not affect any proceedings or any application for any license, permit, certificate, or financial assistance pending at the time such transfers take effect before the Civil Aeronautics Board; but such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if such sections 1601(b) and 4 had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if such sections 1601(b) and 4 had not been enacted.

(c) Except as provided in subsection (c)—

(1) the transfer of any function under section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act shall not affect any suit relating to such function which is commenced prior to the date the transfer takes effect, and

(2) in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if section 1601(b) of the Federal Aviation Act of 1958 and section 4 of this Act had not been enacted.

(d) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of the Civil Aeronautics Board shall abate by reason of the transfer of any function

under section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act. No cause of action by or against the Civil Aeronautics Board, or by or against any officer thereof in his official capacity shall abate by reason of the transfer of any function under section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act.

49 USC app. 1551.

(e) If, before January 1, 1985, the Civil Aeronautics Board, or officer thereof in his official capacity, is a party to a suit relating to a function transferred by section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act, then such suit shall be continued with the head of the Federal agency to which the function is transferred.

(f) With respect to any function transferred to another agency by section 1601(b) of the Federal Aviation Act of 1958 or by section 4 of this Act and exercised after the effective date of such transfer, reference in any Federal law (other than title XVI of the Federal Aviation Act of 1958) to the Civil Aeronautics Board or the Board (insofar as such term refers to the Civil Aeronautics Board), or to any officer or office of the Civil Aeronautics Board, shall be deemed to refer to that agency, or other official or component of the agency, in which such function vests.

49 USC app. 1551.

(g) In the exercise of any function transferred under section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act, the head of the agency to which such function is transferred shall have the same authority as that vested in the Civil Aeronautics Board with respect to such function, immediately preceding its transfer, and actions of the head of such agency in exercising such function shall have the same force and effect as when exercised by the Civil Aeronautics Board.

(h) In exercising any function transferred by section 1601(b) of the Federal Aviation Act of 1958 or section 4 of this Act, the head of the agency to which such function is transferred shall give full consideration to the need for operational continuity of the function transferred.

#### DEFINITIONS

SEC. 13. For purposes of this Act—

- (1) the term "agency" has the same meaning such term has in section 551(1) of title 5, United States Code; and
- (2) the term "function" means a function, power, or duty.

49 USC app. 1557.

#### ACCESS FOR HANDICAPPED PERSONS

SEC. 14. Section 104 is amended by adding at the end thereof the following new sentence: "In the furtherance of such right, the Board or the Secretary, as the case may be, shall consult with the Architectural and Transportation Barriers Compliance Board established under section 502 of the Rehabilitation Act of 1973, prior to issuing or amending any order, rule, regulation, or procedure that will have a significant impact on the accessibility of commercial airports or commercial air transportation for handicapped persons."

49 USC app. 1301.

29 USC 702.

#### STUDY OF TRANSPORTATION TO AND FROM WASHINGTON DULLES AIRPORT

SEC. 15. (a) The Secretary of Transportation shall study the feasibility of constructing a rail rapid transit line between the West Falls Church, Virginia, station of the Washington, District of Columbia

49 USC a note.

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

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

#### AIR SERVICE IN THE STATE OF ALASKA

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

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

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

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

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

Effective date.

Approved October 4, 1984.

#### LEGISLATIVE HISTORY—H.R. 5297

HOUSE REPORTS: No. 98-793 (Comm. on Public Works and Transportation) and No. 98-1025 (Comm. of Conference).

CONGRESSIONAL RECORD, Vol. 130 (1984):

June 5, considered and passed House.

Aug. 8, considered and passed Senate, amended.

Sept. 19, House agreed to conference report.

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CIVIL AERONAUTICS BOARD SUNSET ACT OF 1984

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SEPTEMBER 14, 1984.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 5297]

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

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

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

*SHORT TITLE*

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

*AMENDMENT OF FEDERAL AVIATION ACT OF 1958*

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

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

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

#### AIR SERVICE IN THE STATE OF ALASKA

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

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

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

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

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

And the Senate agree to the same.

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

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

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

#### EXEMPTIONS

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

#### AIR CARRIER STATUS

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

#### SMALL COMMUNITY AIR SERVICE

##### GUARANTEED ESSENTIAL AIR TRANSPORTATION

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

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

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

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

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

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

based upon such review community and the State ty is located, make ap air transportation to s

(3) No air carrier s portation to any eligi portation established air carrier—

(A) if such air c (i) holds a title, or

(ii) does not pensionation pur service to such

has given the Boa and the communit to such terminatio

(B) if such air c not receiving com subsection for ser Board, the approp munities affected mination, suspensi

(4) Whenever the do tion will not be provid tion—

(A) the Board sh submitted by any a tial air transporta this subsection. In air transportation shall, among other

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(ii) the expe ulated air servid which essentia vided; and

(iii) notwith spect to any e. rience of an a or significant

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(B) the Board sh lines promulgated compensation to be portation.

(5) The Board shall r subsection at times and appropriate. The Board air carrier to provide

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on the date of enact- ie air carrier holding itle and which there- such air carrier, not od beginning on the service to such point r carrier, the Board, community and the nity is located, shall o such point. e determination of ible point, and may,

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

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

(A) if such air carrier—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

beyond the 30-day period of this subsection, suspend, terminate, or reduce service to such point, the Board shall compensate such air carrier for any losses that the air carrier incurs in complying with this paragraph after the last day of such 30-day period.

(9) During any period in which such air carrier is required to continue to provide essential air transportation to such eligible point, on a continuing basis, the Board shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide essential air transportation to such point, whichever first occurs. If at the end of such 30-day period the Board determines that no other air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

(10) Unless the Board determines that no other air carrier can be secured to provide essential air transportation for any eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

(11)(A) After January 1, 1968, if an air carrier provides air transportation to any eligible point terminate such service to such point, the Board shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide essential air transportation to such point, whichever first occurs. If at the end of such 30-day period the Board determines that no other air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

(i) improvement in the quality of service to such point; and  
(ii) decrease in the number of such points required to continue to provide essential air transportation to such point.

(B) After January 1, 1968, if an air carrier provides air transportation to any eligible point, the Board shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide essential air transportation to such point, whichever first occurs. If at the end of such 30-day period the Board determines that no other air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

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

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

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

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

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

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

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

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

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

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

#### OTHER AIR SERVICE

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

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

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

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

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

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

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

(4)(A) With respect to an eligible point purchased later than the last day date on which the Board considering the views of agency of the State to determine what is essential

(B) The Board shall determine what is essential air transportation based upon such review community and any State agency is located, make application for air transportation to such

(5) Whenever the Board's action will not be provided for—

(A) the Board shall not be submitted by any applicant for air transportation under this subsection. In the case of air transportation shall, among other

(i) the desirability of a system of air transportation that adequately meets the needs of communities involved

(ii) the extent to which essential air service is provided; and

(iii) notwithstanding the fact that the experience of any applicant for air transportation or significant interest is not an essential factor in the determination of this title, in Alaska

(B) the Board shall not be required to promulgate rules for compensation to be provided for transportation.

(6) The Board shall not be required to apply this subsection at times and circumstances appropriate. The Board shall not be required to provide for an air carrier to provide for an eligible point only for so long as is necessary in order to maintain essential air transportation to such point.

(7) Prior to terminating air transportation to any eligible point—

(A) if such air carrier

(i) holds a certificate under this title, or

(ii) does not hold a certificate under this title, the compensation paid

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

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

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

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

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

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

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

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

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

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

(A) if such air carrier—

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

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

service to such eligible point, shall give the Board, the appropriate State agency or agencies, and the communities affected at least ninety days notice prior to such termination, suspension, or reduction; and

(B) if such air carrier does not hold such a certificate and is not receiving compensation pursuant to paragraph (6) of this subsection for service to such eligible point, shall give the Board, the appropriate State agency or agencies, and the communities affected such notice (not to exceed 30 days), as the Board shall by regulation prescribe.

(8)(A) After January 1, 1983, any air carrier may file an application with the Board seeking to have the compensation provided under this subsection to the air carrier then serving an eligible point, and which has been serving such eligible point for at least 2 years preceding the date on which such application is filed, terminated in order to allow the applicant air carrier to provide essential air transportation to such eligible point for compensation under this subsection. The Board shall grant such application, after notice and a hearing if requested by an air carrier receiving compensation under this section, taking into consideration the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (5) of this subsection, if the applicant can show that termination of the compensation being provided to the air carrier then serving such eligible point, and that the provision of essential air transportation for compensation under this subsection by the applicant, will result in a substantial—

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

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

(B) In disposing of each application filed under this paragraph, the Board shall, in addition to considering the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (5), solicit and give great weight to the opinions of the communities affected by the proposed replacement of an air carrier under this subsection.

#### LEVEL OF SAFETY

(c)(1) For purposes of this subsection the term "commuter air carrier" means an air carrier exempt from any requirement of this Act under section 416(b)(3) of this title.

(2) Notwithstanding section 416(b) of this title, the Board shall not provide any compensation under this section to any commuter air carrier to provide service to any eligible point, and the Board shall prohibit any commuter air carrier from providing service to any eligible point, unless the Board determines that such commuter air carrier—

(A) is fit, willing, and able to perform such service; and

(B) that all aircraft which will be used to perform such service and all operations relating to such service will conform to the safety standards established by the Administrator under paragraph (3) of the subsection.

(3) Not later than the date of enactment of this Act, the Board shall establish the level of compensation to be paid to commuter air carriers for service to such eligible point of this subsection. Such compensation shall be payable on the last day of the month in which the compensation is earned. The Board shall by regulation prescribe the manner in which carriers to assure that the compensation is being paid on such eligible point, to the extent, equivalent to the compensation issued under section 416(b)(3) of this title.

(d) The Board shall by regulation prescribe the manner in which the Board in carrying out its duties shall require the Board to provide essential air transportation to any eligible point, based on the elements base on the scheduled air transportation of the aircraft of the Board, and the Board shall provide essential air transportation to such eligible point.

(e) No air carrier shall be required to provide essential air transportation unless such air carrier is issued by the Board an insurance policy or the Board waives the requirement for insurance, and the Board shall provide for bodily injury, property damage, and maintenance of the aircraft.

(f) For purposes of this subsection, the term "essential air transportation" means the air transportation provided under this section to meet the needs of the communities for more commuter air transportation to such eligible point, which is unjust, unreasonable, or unduly prejudicial.

(1) with respect to the Board's determination of whether such air transportation is essential.

(2) with respect to the Board's determination of whether such air transportation is essential.

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

#### GUIDELINES FOR COMPENSATION

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

#### INSURANCE

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

#### DEFINITION

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

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

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

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

DURATION OF PROGRAM

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

TITLE V—NATIONALITY AND OWNERSHIP OF AIRCRAFT

REGISTRATION OF AIRCRAFT NATIONALITY

REGISTRATION REQUIRED

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

ELIGIBILITY FOR REGISTRATION

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

(1)(A) it is—

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

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

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

or

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

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

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Times 1-3-85

# Rural Alaskans may lose vital air service

by Curtis Swaney  
Times Staff Writer

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

The plan for ending the Essential Air Service Program will be included in the administration's proposed fiscal 1988 budget for the Department of

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

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

Peninsula Airways — If Congress decides to sever subsidies, Orin Seybert, owner of Peninsula Airways, said it would be impossible to serve Atka without federal subsidies.

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

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

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

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

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

At St. George in the Pribilof's, about 350 miles northeast of Atka, islanders share a similar plight. Without service

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

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

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

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

See Rural, page C-7

## Rural residents would be left stranded by program is cut

Continued from page C-1

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

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

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

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

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

community leaders claim that entire economies could collapse.

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

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

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

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

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

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

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

Although 15 to 20 percent of the Chitina Air budget comes

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

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

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

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

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

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

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

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

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

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

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

# Air cuts would leave 37 towns grounded

by Annette Taylor  
Times Staff Writer

The Airline Deregulation Act of 1978, designed to spur competition in the air, did the job in Alaska where the number of federally certificated scheduled carriers ballooned by 900 percent — from five airlines six years ago to 45 today.

As deregulation proponents elsewhere in the nation predicted, commuter air taxi services, which previously operated under the federal certificates of larger airlines, struck out on their own, vying with their former partners and new upstarts for passengers, cargo and lucrative U.S. Postal Service contracts.

But not everywhere.

As in other rural states, there are some places in Alaska — 37 to be exact — with too few potential passengers to hire regularly scheduled service without a

## Federal subsidies benefit many Bush area

Times Staff Writer

Airlines currently receiving annual federal subsidies for guaranteed service to 37 Alaska communities, according to the local office of the U.S. Department of Transportation, are:

- Alaska Airlines, \$3.6 million, for flights to Cordova, Gustavus, Petersburg, Wrangell and Yakutat.
- Seair, \$68,737, for flights to 18 towns and villages on Kodiak Island.
- Peninsula Airways, \$298,330, for flights to Atka and St. George.
- Chitina Air Service, \$112,988, for flights to Chitina, Boswell Bay, Icy Bay and Cape Yakutat.
- Ellis Air Taxi, \$38,333, for flights to Chisana, McCarthy and May Creek.

Harold's Air Service is receiving an interim federal subsidy on a flight-by-flight basis for service to Central and Circle. Frontier Flying Service as a similar arrangement for flights to Wiseman.

Subsidies are guaranteed for service to Farewell Flat, Takotna and Tatalina but may not be needed if Hub Air Service can earn enough money for its operations through U.S. Postal Service contracts. The maximum subsidy amount for the year is about \$24,000.

Negotiations on the amount of subsidy for service to Cape Romanzof and Cape Newenham are ongoing with Seair.

Bids for service to Seward, Council, Circle, Hot Springs, Birch Creek and Barter Island are pending.

little help.

Because of \$4.5 million in federal subsidies, five airlines now fly to those towns. But the Reagan administration this week has proposed ending the nationwide \$35 million subsidy

program next year.

Federal subsidies for air service to rural and remote areas throughout the nation began in 1938 with the creation of the Civil Aeronautics Board.

In Alaska, 230 communities were — and still are — eligible for air service subsidies, although not all received them, said Dick Steinman, a former field representative for the now-defunct CAB and now with

the U.S. Department of Transportation.

Alaska boasts 40 percent of all designated subsidized routes in the nation.

By the 1970s, three carriers in Alaska — Wien Airlines, Alaska Airlines and Kodiak Western Alaska Airlines — received more than \$10 million in subsidies to regularly fly to 187 communities. The breakdown was roughly \$5.6 million to Wien, \$4.2 million to Alaska and \$10,000 to Kodiak Western, Steinman said.

With the CAB's blessing, Wien had the monopoly on all points north and west of Anchorage, Alaska Airlines had Southeast, and Kodiak Western had Kodiak Island and the Dillingham area.

The other two certified commercial carriers, Reeves Airlines and Munz Northern Airlines, along with private charter operations and state-authorized See Deregulation, page C-2

Continued from page C-1

carriers, moved people around the rest of the state.

Then came deregulation.

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

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

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

The new Essential Air Service

program is aimed at providing a period of transition for small towns deserted by the large airlines. The subsidies are based on an established minimum level of service in each eligible community as of July 1978 or two flights per week, whichever was greater.

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

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

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

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

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

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

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

non-subsidized basis," Steinman said.

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

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

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

the exception of hazardous materials, almost anything can be shipped via including perishable food stuffs. Whenever possible, consumers in the Interior ship goods by parcel post rather than air freight. It is illustrated by the cost of mail service to the postal service is substantially higher than the tariffs or rates paid by consumers.

Parcels sent to hub communities such as Galena or Fort Yukon could go by mail and thus incur a higher postage rate than the air freight tariffs to the destination. However, mail destined beyond the hub points is all considered bush service rate section and shipped as priority mail. Thus, consumers in bush communities pay non-priority rates while the postal service pays subsidies to air carriers. Note that Airmail system communities in the Interior Network fall within the same postage zone rate since Fairbanks is the distribution center in the region.

Table 5.4.3-1, in addition to data already presented on consumer costs, shows the cost to the postal service for air transport of the mail. Compensation received by the airlines for mail transportation can justifiably be higher than freight tariffs partly because of more stringent requirements of mail contracts. Figure 5.4.3-3 shows the costs of transporting a parcel to a typical community in the Interior. The consumer has the advantage of paying non-priority mail rates to bush communities whereas the postal service must pay priority rates to the airlines. Rates paid by the postal service to air carriers in relation to freight tariffs and the consumer cost are really an implied subsidy to the airlines. If these rates were to be reduced, the airlines would have the option of requesting other forms of subsidies, either under Section 406 or under the new Section 419, Essential Air Service tariffs could also be increased.

#### 5.4.4 SUBSIDY UNDER SECTION 406

##### 5.4.4.1 ELIGIBILITY FOR 406 SUBSIDY

The Federal Aviation Act of 1958, under Section 406, compensates carriers for providing service to communities which do not generate sufficient traffic to cover costs. A reasonable return on investment, 12.35 percent was established in CAB domestic passenger fare investigation docket 21866. Wien Air Alaska currently receives \$6,000,000 annually in subsidy under this section for its state-wide routes. There is no available data to show what portion of this total amount is applied to

routes in the Interior. This subsidy is in addition to rates paid by the postal service for mail delivery. Subsidies under this section are programmed to continue until Jan. 1, 1983. However, the Civil Aeronautics Board has indicated that consideration is being given to terminating this subsidy program after Jan. 1, 1982. Final determination has not yet been made in this matter.

The subsidy program is thus moving away from the concept of cross-subsidies for an entire route system. Additionally, other carriers will be eligible for subsidies under new sections of the Act. At present in the state of Alaska only Wien Air Alaska and Alaska Airlines are entitled to Section 406 payments. Funding in the future will be through Section 419, and is discussed below.

Wien Air Alaska, the only eligible Section 406 carrier serving the Interior has recently been experiencing competition from Air North, a newly CAB certificated carrier under Section 401, but which is not eligible for Section 406 subsidy. The new, unsubsidized carrier, in effect, is competing directly with Wien subcontractors in the Interior. The Civil Aeronautics Board, apparently recognizing the problems to its subsidized carrier in the Interior seems to be accelerating the phase-out of 406 subsidies and is implementing essential air service criteria.

#### 5.4.4.2 THE WIEN AIR ALASKA SUBCONTRACT SYSTEM

Wien Air Alaska currently subcontracts portions of its certificated routes to air taxi and contract carriers in the Interior. These are: Harold's Air Service, Galena; Frontier Flying Service, Fairbanks; Alaska Central Airways, Fairbanks; and Arctic Circle Air, Fort Yukon. Contracts with these carriers are negotiated separately and often have different rates and terms. Wien Air Alaska receives subsidy payment from two sources, section 406 and mail payment directly from the postal service. However, the compensation received by Wien is not directly passed on to the subcontractors.

Wien Air Alaska has recently been modifying contract arrangements in the Interior in an attempt to upgrade service. Until recently, many bush communities experienced service level deterioration under the subcontract system. One cause of this deterioration was the lack of coordination of the entire route structure between the individual subcontractors. In Fairbanks, flights by subcontractors which in the past were handled individually by the contractor, are now centrally operated out of the terminal at Fairbanks International Airport and passengers are ticketed and checked in through the Wien counter. Also, the method of paying subcontractors has been changing

from a per ticket/per pound rate to a straight hourly rate for aircraft used on subcontracted routes. Equipment has been upgraded, and twin turbo prop aircraft are now used on routes by subcontractors.

#### 5.4.5 SECTION 419 OF THE AIRLINE DEREGULATION ACT OF 1978-ESSENTIAL AIR SERVICE

##### 5.4.5.1 DESCRIPTION AND ELIGIBLE POINTS

Section 419 is a method to fund essential air service to eligible Alaskan points, i.e., a subsidy. This is intended to guarantee essential air service to small communities served only by one CAB certificated carrier. There are 230 communities in the state of Alaska which are eligible for essential air service. As of the date of this report, only one point within the state is being served under Section 419--Adak Island, which is outside of the Interior Study region. There are 26 points in the Interior region eligible for essential air service subsidy.

Determination of service levels was made considering cargo, mail and passenger requirements. A maximum of two stops between an FAA hub or CAB determined regional center and the destination community is permitted. The FAA hub in the Interior is Fairbanks and regional centers have been identified as Bettles, Fort Yukon and Galena. In the determination of essential air service levels, the CAB requires that there be adequate service between the regional service centers and the FAA hubs to handle both the regional centers' needs and traffic seeking access to the national air system from other eligible points served through the regional center.

The CAB did not impose any overall minimum size for aircraft in Alaska as it did in the lower 48 states. The CAB definition of aircraft size is: small aircraft - up to 10 seats; medium aircraft - up to 30 seats; intermediate aircraft - from 30 to 60 seats; large aircraft - over 60 seats. Service with small aircraft was determined to afford the best means for meeting service requirements of many small communities. However, between the regional center of Galena and the FAA hub at Fairbanks, for example, service was required with large aircraft because of the distances and level of traffic from communities surrounding the regional center.

Frequency has been determined based on overall passenger and cargo needs of the eligible points. In Alaska, cargo is frequently transported in the passenger compartment of aircraft, thus at times precluding accommodation of passengers on a particular flight or alternatively the passenger loads may result in cargo delays. Thus, frequencies were determined based on the combined need. The CAB will review the