

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5181 HTRA HJR 11 - HJR 46

783

BUSH MAIL SERVICE MEANS BIG BUCKS FOR AIRLINES

Anchorage Daily News Sunday, April 27, 1986



Anchorage Daily News/Bob Hallinan

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

Cargo carrier faces fight to keep Bush mail routes

By HAL BERNTON
Daily News business reporter

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

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

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

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

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

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

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

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

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

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

See Page J-2, MAIL FLIGHTS

HOW GAMBELL'S MAIL IS DELIVERED

How it might change under the MarkAir proposal

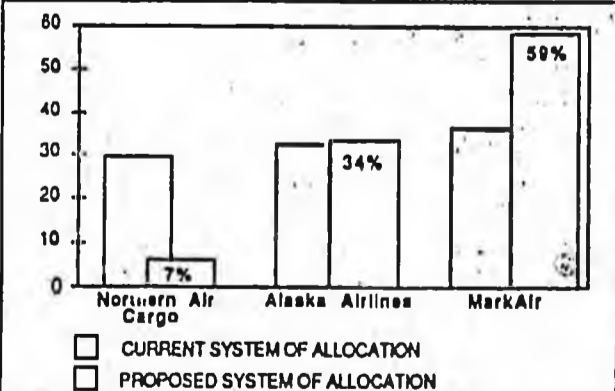


*Under the MarkAir proposal Northern Air Cargo says its service would end.

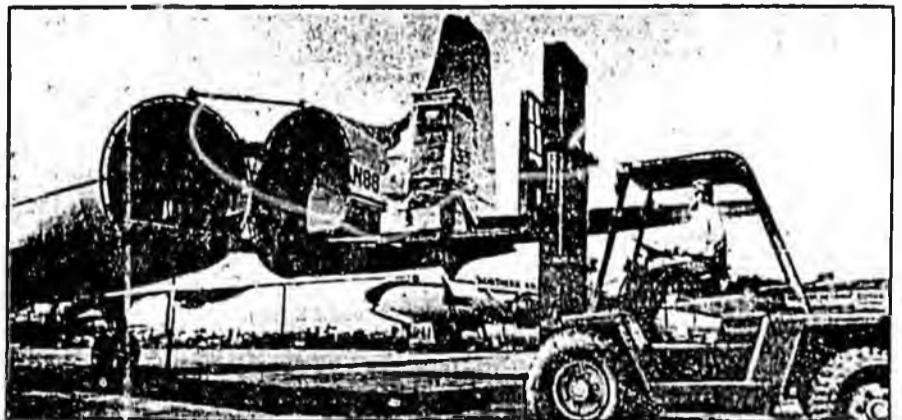
Daily News art department map

WHO DELIVERS BETHEL'S MAIL

How it would change under the MarkAir proposal



Daily News art department chart



Anchorage Daily News/Bob Hallinan

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

MAIL FLIGHTS: Airlines fight for bigger share of Bush cargo

Continued from Page J-1

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

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

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

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

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

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

But Northern Air Cargo officials disagree.

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

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

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

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

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

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

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

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

room of Postal Service and airline officials.

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

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

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

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

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

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

Postal Service officials are well aware of Stevens' views.

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

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

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

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

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

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

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

And it offers some mail to cargo

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NORTHERN AIR CARGO

February 11, 1987

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

Dear Representative Cato:

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

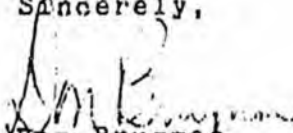
During our meeting with you last week, we indicated we would be Outside at a seafood industry convention during the 25th, 26th and 27th of February. This convention is critical to our business.

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

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

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

Sincerely,


Don Brugman

Vice-President/General Manager

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

NORTHERN AIR CARGO

FEB 4 1987

February 6, 1987

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

Dear Representative Cato:

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

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

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

Again, thank you for your time.

Sincerely,



Rita N. Sholton
President

RNS/kkk

HERMENS AIR, INC.

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

Feb. 11, 1987

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

FEB 17 1987

Dear Ms. Cato:

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

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

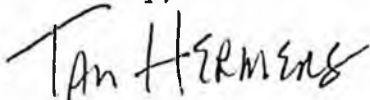
Allowing mainline airplanes to over fly the bush hubs with mail will seriously impact the well established hub and spoke system that allows rural Alaskans a reliable and affordable system of transportation. The bush mail has allowed us to provide passenger service and comfortable facilities for the people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

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

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

Thank you for your time and consideration.

Sincerely,



Tan Hermens, Vice President

cc Al Adams
Johne Binkeley
Reed Stoops
Lyman Hoffman

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

BILL SHEFFIELD, GOVERNOR

STATEWIDE AVIATION

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

-NOTICE-

November 10, 1986

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

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

SUBSIDIZED COMMUNITIES IN ALASKA

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

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



U.S. Department of
Transportation

Office of the Secretary
of Transportation

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

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

24 OCT 1986

Dear Ms. Lindsey:

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

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

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

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

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

to
11/17

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

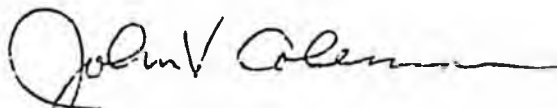
I would also like to provide you some general background information on the current numbers of communities receiving service under the program, the levels of traffic at those communities and the current subsidy costs, so that you can consider these facts in developing your comments and recommendations.

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

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

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

Sincerely,



John V. Coleman
Director, Office of
Essential Air Service

Enclosures

ESSENTIAL AIR SERVICE SURVEY

(Alaska)

I. Demographic Information

1. Most recent community data:

Population _____

Year _____

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

II. Service Needs

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

(a) passenger enplanements _____

(b) cargo (pounds) _____

(c) mail (pounds) _____

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

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

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

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

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

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

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

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

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

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

SUBSIDY FUNDING

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

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

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

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

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

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

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

SUBSIDIZED COMMUNITIES IN ALASKA

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

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

LEGISLATIVE

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

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

TIME: 1:30-3:00

LEGISLATIVE REFERENCE: HJR 11

JUNEAU ROOM: C-17

SUBJECT: (Rep Adams Bill)

BRIDGE: 258-1808

Mail Service to Communities

OF PORTS: 10

mainline and bush communities

CONTACT: Went PHONE: 258-1

DATE TAKEN/BY: 2/13/87

SITES PARTICIPATING:

LIO'S

LTC'S

VTS'S

Anchorage

Barrow

Bethel

Delta Junction

Dillingham

Fairbanks

Glennallen

Juneau

Ketchikan

Kodiak

Kotzebue

Mat-Su

Nome

Petersburg

Sitka

Soldotna

Valdez

Fort Yukon

Galena

Homer

Naknek

Newhalen

St. Paul

Sand Point

Togiak

Unalaska

Wrangell

See List on
Reverse Side

ALL LIO'S

ALL LIO's/LTC'S

OTHER SITES WELCOME
WITH PRIOR NOTIFICATION

OFFNETS: _____

CHAIRING SITE: JNU

CHAIRPERSON: Rep. Cato

[] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

Ant I. Tinto
SIGNATURE OF SPONSOR/CONTACT PERSON

2/13/87
DATE

SPECIAL INSTRUCTIONS



ALASKA COMMERCIAL COMPANY FEB 27 1987

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

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

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

February 23, 1987

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

Dear Chairwoman Cato:

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

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

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



ALASKA COMMERCIAL COMPANY

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

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

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

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

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

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

Sincerely,

Samuel J. Salkin

SAMUEL J. SALKIN
President
ALASKA COMMERCIAL COMPANY



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

February 20, 1987

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

FEB 25 1987

Dear Representative Cato:

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

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

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

Statewide Charter
& Contract Flying

Basic & Advanced
Instruction

Float Plane
Instruction

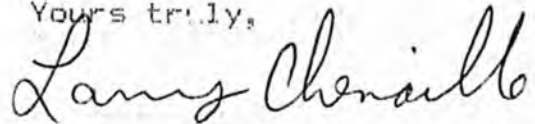
Hunting
Fishing

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

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

Thank you.

Yours truly,

A handwritten signature in cursive script that reads "Larry Chenaille". The signature is written in dark ink and is positioned above the typed name.

Larry Chenaille, President

NORTH SLOPE BOROUGH

OFFICE OF THE MAYOR

P.O. Box 69
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor

FEB 24 1987

February 19, 1987



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

Dear Ms. Cato:

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

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

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

Sincerely,

Edward Itta
Acting Mayor

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

FEB 24 1987

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

February 17, 1987

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

Dear Bette,

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

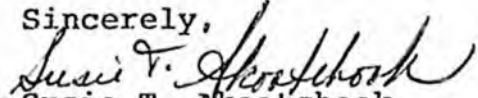
I was approach by an agent of an airline in Kaktovik. I was told how Northern Air Cargo would like to start making runs in the slope which would limit the other airlines we have coming into our village here in Kaktovik. These Air lines we have coming in are doing just fine and they take care of the passengers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

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

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

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

Sincerely,


Susie T. Akootchook
Concerned Citizen

cc; file



ANICA, INC.

ALASKA NATIVE INDUSTRIES CO-OPERATIVE ASSOCIATION INC.

Since 1948

February 20, 1987

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

Dear Chairwoman Cato:

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

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

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

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

Sincerely,

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

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

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

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

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

FEB 21 1987

February 18, 1987

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

Dear Chairwoman Cato:

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

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

Sincerely,

Donald F. Nielsen

Donald F. Nielsen
Senior Vice President

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



FEB 20 1987

February 16, 1987

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

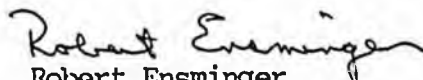
Dear Representative Cato:

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

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

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

Very truly yours,


Robert Ensminger
Vice President Postal Affairs

RE:avn
(0241T-6)

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

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

FEB 20 1987

Cape Smythe Air

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

Dear Ms. Cato:

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

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


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

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

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

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

Sincerely,



Grant B. Thompson
General Manager, Vice President

cc. Al Adams, Representative
Henry Springer, Representative



Telegram

FEB 14 1987

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

PMS

REP BETTE CATO

0213
JUNEAU AK

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

STAN PETER, MAYOR
CITY OF EMMONAK

1987 FEB 12 14 25

Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

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

Mar. 4, 1987

MAR 10 1987

Rep. Adelheid Herrmann
Pouch V
Juneau, Ak. 99811

Dear Adelheid:

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

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

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

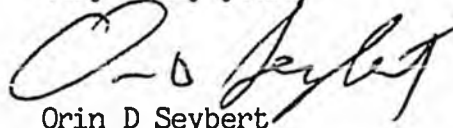
What has happened in those small communities now receiving direct large aircraft mail and freight service is what I would call progress, as their runways have been upgraded to support large aircraft operations it has become economically possible.

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

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

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

Very truly yours



Orin D Seybert
President

CC: Sen Zharoff
Rep Adams
Rep Cato



Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

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

Feb. 18, 1987

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

Dear Cindy:

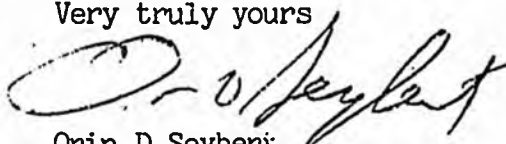
This letter is to inform you of the resignation of Peninsula Airways from the AACA.

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

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

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

Very truly yours



Orin D Seybert
President



Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

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

March 3, 1987

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

Dear Ted:

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

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

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

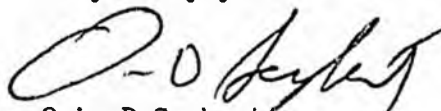
While I do sympathize with the large passenger carriers need to operate profitably while providing convenient service, I don't think the Postal Service should be used to operate inefficiently for its patrons.

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

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

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

Very truly yours



Orin D Seybert
President



Holy Cross Mercantile

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

MAR 10 1987

February 25, 1987

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

Dear Chairwoman Cato:

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

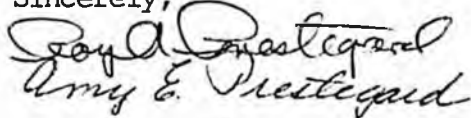
The reason we oppose this resolution, is, if it is passed, the United States Postal Service would be subsidizing the passenger air lines.

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

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

Thank you very kindly for your interest in this matter.

Sincerely,



Roy A. and Amy E. Prestegard

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

February 25, 1987

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

Dear Chairwoman Cato:

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

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

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

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

Sincerely,

Residents of Holy Cross, on the Yukon

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

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

February 25, 1987

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

Alfred Demientieff Jr

Robert Edward Jr

Ernest A. Newman

Bruce Gregory

Kesal Savage

David W. Whitley

Jamara Turner

John Luis D

Agnes Gregory

Paul Bednary

Anita Spradlin

Corinne Brown

Ernest Demientieff

LeAnn D Lyee

James S. Johnson

Margaret L. Aloysius

Ronnie Turner

Junda Frank

John A. Aloysius

Sharon Turner

Wendy Crombie

John L Deck

Jamer F. Walker

June R. Walker

Scott King Sr.

Ernest Newman

June Gregory

Ignatius Gregory Sr.

Linda A. Gregory

Janet Gregory

Boris Richards

Herald H. Walker

Rita A. Paul

Jeddy Edwards

Erna J. Edwards

Clyde Edwards

Constance H. Walker

David P. Walker

Julie Demientieff

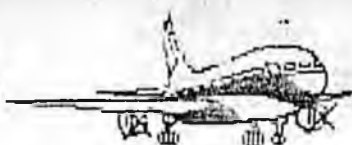
Ann F. Edwards

Joseph A. Paul

Glenn G. Richards

Daniel P. Brown

Richard Miller



HOLY CROSS LOOSES

NORTHERN AIR SERVICE

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

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

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

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

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

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

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

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

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

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

Legislative Affairs Office
Anchorage, AK
Phone: 278-3688

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

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



ATV Contest

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

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

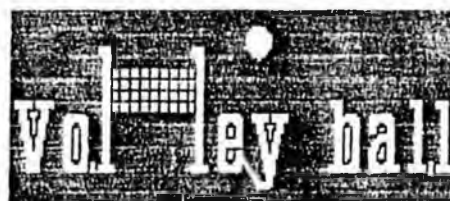
--Watch for further information--

Basketball

HOLY CROSS
vs

McGRATH

HOLY CROSS 62
McGRATH 45



HOLY CROSS
vs

McGRATH

HOLY CROSS 2 SETS
McGRATH 1 SET

SPECTACULAR BIG EVENT!

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

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

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

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

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

We are winners !!

COMING SOON!

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

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

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

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

We are the PRIDE OF THE YUKON



INJUN BULL

HOLY CROSS SCHOOL

NEWSPAPER

VOL. 87
NO. 1



CREATED BY THE STUDENTS AND STAFF

ART IN SCHOOL



This week we have Bev Shupp visiting us from McGrath.

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

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

Bev will be leaving us this Friday or Saturday.

Many thanks to Bev !!



Tutor Program

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

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

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

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

Congratulations to the lucky students.

ELIGIBILITY



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

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

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

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

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

Community Education

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

Willie is responsible for many duties. Some of which are: directing events for the Elders, young children, care of the gym and setting up local contest events.



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

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

THE STOPS HERE



MID-TERM GRADES

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

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

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

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

MAR 15 1987

March 13, 1987

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

Dear Chairwoman Cato:

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

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

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

Sincerely,

NOORVIK IRA COUNCIL

Donald G. Sheldon
Donald G. Sheldon
General Manager

/ds

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

HJR

32

Alaska State Legislature

House of Representatives

Committee on Transportation



Rep. Bette Cato, Chairman

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:

- * a copy of HCR 18
- * a fiscal note from the Dept. of Commerce & Econ. Dev.
- * a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:

- * a copy of HJR 32
- * a fiscal note from DOT/PF
- * a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:

- * a copy of CSSJR 36(Trsp)
- * a fiscal note from DOT/PF
- * memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
- * written testimony from Korean Air Lines
- * an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
- * written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

- * a copy of CSSB 146 (Trsp)
- * two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
- * a sectional analysis
- * a position paper from DOT/PF

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: 5-1-87

Bill Version : HJR 32
Publish Date : _____

Revision Date: _____
Title: Complete Mackenzie Hwy,
Northwest Territories, Canada
Sponsor: House Transportation
Requestor: Cato

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
----------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no effect, nor fiscal impact to the
Department of Transportation and Public Facilities.

Prepared by: Ronald B. Lind, Director Phone: 465-2171
Division: Plans, Programs & Budget Date: 5-1-87

Approved by Commissioner: M. L. H. Date: 5/1/87
Agency: DOT&PF

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Mackenzie Highway Completion

WHEREAS this Assembly has expressed its support for development of an improved tourist industry;

AND WHEREAS this Assembly supports the development of a long-term economic strategy;

AND WHEREAS the construction of the Mackenzie Highway would be an important development in any long-term economic strategy;

AND WHEREAS many communities have expressed their support for the construction of the Mackenzie Highway;

NOW, THEREFORE, I MOVE, seconded by the Member for Sahtu, that this Legislative Assembly express its support of the continued construction and completion of the Mackenzie Highway to Inuvik;

AND FURTHER that this House express its support for the efforts of the Government of the N.W.T. in negotiating the construction of the Mackenzie Highway;

AND FURTHER that this House recommend that the Speaker communicate this support for the construction of the Mackenzie Highway to the Speaker of the House of Commons; the Prime Minister of Canada, Rt. Hon. Brian Mulroney; and the Minister of Indian Affairs, Hon. Bill McKnight.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS.

5-13-87

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/17/87

FURTHER REFERRALS:

DATE: May 13, 1987

The Transportation Committee has considered HJR 32

Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Bill Huds

Pete Cato

Levin Springs

Mike Keane

SIGNING OTHER RECOMMENDATIONS:

Pete Cato

Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE:

May 13, 1987

Subject of meeting:

- * HCR 18: Railroad Operations Report
- * HJR 32: Completion of the Mackenzie HWY, Canada
- CSSJR 36: KAL Boarding Rights/Anchorage
- CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

Terry P. Hanson Spec Assistant	BX N Juneau 99811	465-4322	Dept of Public Safety	upon request.	146
John Williams	Box D June AK 99811	465-2502	DCED Re SB 146	Yes	146
* Nancy Petersen	staff, Sen. Fahrenkamp	465-3872	Sen. Fahrenkamp SJR 36 -	Yes	\$146
MARK HIXEY	—	3900	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	—	264-0541	COURTS	146	146
T. J. Trasher	Juneau	463-3279	AK Trucking Assoc	yes 146	146
Rosa Jurel	134 No. Franklin	586-1740	A.G.C. of Alaska	yes 146	146
Reed Stoops					

* indicates first public hearing

HJR

33

Alaska State Legislature

House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman



may 4
~~April 24~~, 1987

COMMITTEE CALENDAR:

- HJR 33: Relating to the shipping of Alaska oil.
- SCR 5: Relating to promotion and marketing of the state-operated international airports.
- HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HJR 33 that includes:

- * a copy of HJR 33
- * a memorandum from Rep. Pourchot
- * a history and discussion of the resolution
- * a letter from the Governor
- * a fiscal note from the Dept. of Revenue

A folder on SCR 5 that includes:

- * a copy of SCR 5
- * a fiscal note from DOT/PF
- * a memorandum from Sen. Sturgulewski
- * 1986 & '87 financial statements from the international airports
- * a letter of support from the municipality of Anchorage
- * a marketing report from the Anchorage Convention & Visitors Bureau
- * four magazine or newspaper articles
- * the House Labor & Commerce Committee Report Form

A folder on HB 213 that includes:

- * a copy of HB 213
- * a copy of the committee substitute for HB 213
- * a sectional analysis
- * a fiscal note & position paper on HB 213 from DOT/PF
- * information from the six-year capital plan
- * a classification of road miles within Alaska
- * a letter from the Ass't. Division Administrator of the Federal Highway Administration
- * a report on HB 213 from Rep. Hoffman
- * minutes from the 4/13 & 4/15 public hearings of HB 213

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



House of Representatives

ANCHORAGE

P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

MEMORANDUM

DATE: May 4, 1987

TO: House Transportation Committee Members
Rep. Bette Cato, Chairman
Rep. Henry Springer, Vice-Chairman
Rep. "Red" Boucher
Rep. Ben Grussendorf
Rep. Mike Miller
Rep. Bill Hudson
Rep. Drue Pearce

FROM: Rep. Pat Pourchot *Pat*

SUBJECT: HJR 33 - Relating to the Shipping of Oil

House Joint Resolution 33, relating to the shipping of Alaska oil, has been scheduled for a hearing in the House Transportation Committee on Monday, May 4th.

This resolution urges the Secretary of the United States Department of Transportation to adopt before July 16, 1987, a rule that would enable four very large crude oil carrier ships to continue to operate in the United States domestic shipping market without interruption.

Attached is a brief background and summary of the reason for this resolution. It is important that we act expeditiously on the resolution because if the U.S. Department of Transportation fails to adopt a rule by July 16, 1987, the transportation of Alaska oil may be disrupted. In addition, the transportation costs will increase substantially, and the state government could stand to lose a significant amount of money.

I appreciate your consideration on this resolution. Thank you.

HOUSE JOINT RESOLUTION 33

HISTORY

On January 16, 1987, the U.S. Court of Appeals decision (First Attransco Tanker Corp. vs. Dole) vacated a Department of Transportation ruling. The DOT ruling permitted three very large crude carrier ships to repay the remainder of their construction subsidies in 1985/6. In doing so, they became Jones Act ships rather than just U.S. flag ships.

The Court ruled that the Secretary of Transportation was well within her authority to permit this repayment. However, the Court also ruled there were procedural defects in that she did not adequately explain the effect of this action on other Jones Act ships. Thus the ruling was unjustified. The decision requires all three ships to cease Alaskan service on July 16, 1987, unless the Department of Transportation explains the effect on other Jones Act ships to the Court's satisfaction.

Prior to repaying the subsidy, these three large, efficient U.S. flag ships were not allowed to carry Alaskan oil unless there were no suitable Jones Act ships available. Even under those circumstances these ships could only be used part time (no more than six months out of the year). A fourth ship which entered Jones Act trade under generally similar circumstances in 1983 is also vulnerable to the ruling.

In total these four ships are currently moving 200,000 barrels of Alaskan oil to market every day. If they are taken out of the fleet, then a large number of much smaller, less efficient and more expensive ships must take their place if the Alaskan oil is to get to market. This would raise the market price for all Jones shipping by an estimated 25 cents to \$1.00 per barrel.

An increase in the cost of transportation not only reduces oil company income and incentive in Alaska but also reduces the netback value of all Alaskan production. For example, each 50 cent increase in per barrel transportation cost would reduce state income by roughly \$75 million per year.

Given this situation, Alaska should support the DOT's intention to issue a new rule confirming that these vessels should remain Jones Act vessels as soon as possible because of the July 16, 1987 deadline.

Attached is further information regarding this "Repayment of Construction Differential Subsidies (CDS)".

Repayment of Construction Differential Subsidies (CDS)
(also called "CDS Sanitization")

DISCUSSION ISSUES:

The following information should be noted in discussion of CDS Sanitization:

- This is a significant economic issue for Alaska. Removal of the four large efficient ships will require using nearly all the smaller ships available, driving the market price for all shipping up by \$.25 to \$1 per barrel. Netback values on the crude oil will decline accordingly. Each \$.50 per barrel reduction in netback represents roughly \$75 MM per year in lost state revenues.
- Alaskan oil production has increased significantly in the last year, highlighting the need for efficient transportation. The Lisburne field (40-50 MBD) began commercial production in early 1986, Prudhoe Bay production increased with natural gas liquid (NGL) recovery in early 1987 (50 MBD). Kuparuk has reached peak production, and Endicott field is expected to begin production in the fourth quarter of 1987 (up to 100 MBD).
- Largely because of the increased Alaskan production the four large, efficient VLCC vessels in question have been in continuous service since repayment of their remaining subsidy: the BROOKLYN and the BAYRIDGE under charter to EXXON, and the ARCO INDEPENDENCE and the ARCO SPIRIT under long term charter to Standard Oil.
- Larger vessels make the transport of crude oil to the West Coast and Gulf Coast more economically efficient than smaller vessels. This is especially true to the Gulf Coast, which accounts for a substantial portion of the Alaskan oil delivered.

SENT AS MAILGRAM

RECEIVED
APR 14 1987

DOT/PF
COMMISSIONER'S OFFICE

April 7, 1987

RECEIVED
APR 15 1987

The Honorable Elizabeth H. Dole
Secretary
Department of Transportation
400 Seventh Street, S.W.
Room 10200
Washington, D.C. 20590

DOT & PF
Plans, Programs and Budget

Dear Secretary Dole:

The State of Alaska is concerned about a recent court decision and possible action by Congress that could seriously affect the Alaska North Slope oil trade.

As you know, the decision in Independent U.S. Tanker Owners Committee v. Dole, vacating a Department of Transportation ruling which allowed three VLCC class CDS ships to enter the Alaskan trade, would cause higher transportation costs for Alaska oil. The court decision would force the use of smaller, less efficient tankers, assuming alternative transportation is even available. The added expense of using smaller tankers would cause the State to lose millions of dollars in severance taxes and royalties. Significant revenue losses would also be incurred by the Federal government.

As you are probably aware, the Maritime Administration (Marad), in a notice of intended action in the March 11, 1987 Federal Register, promised to address the CDS issue through new rule making. However, to date proposed rules have not been published. The Court vacating the rule stayed its order until July 16, 1987. We are concerned that any delay in promulgating a new rule could allow the July court deadline to take effect, given the stringent requirements of the Administrative Procedure Act and the various regulatory approvals which must be obtained before final rule making. To safeguard Alaska and the nation from large scale disruption in the North Slope oil trade, and to protect all the parties that have relied on the previous Department of Transportation ruling struck down by the Court, we urge that you expeditiously issue the necessary regulations.

Regarding a parallel issue, we appreciate your efforts, including your letter to Chairman Whitten of the House

Appropriations Committee, to reject an amendment, which would block Marad from proceeding in any manner to act on the CDS repayment. Although the Committee adopted the amendment, the State of Alaska looks forward to working with you to ensure that this measure will eventually be rejected by Congress. Toward this end, my Washington, D.C., staff has already been in touch with Rebecca Range of your department.

Thank you for your consideration of these matters.

Sincerely,

Steve Cowper
Governor

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Rebecca Range

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HJR 33

REQUEST _____

Publish Date: _____

Revision Date: 5/4/87

Agency Affected: Revenue

Title: Shipping State Oil

BRU: Audit

Sponsor: Pourchot

Components: _____

Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(Revenue Impact \$17.7 mil to \$52.9 Mil Per Year)					

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2320

Date: 5/4/87

Approved by Commissioner: Hugh Malone
Agency: Revenue

Date: 5/4/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

MEMORANDUM
STATE OF ALASKA DEPARTMENT OF REVENUE
PETROLEUM RESEARCH SECTION

TO: Eric Ostrovsky, Governor's Office, Washington, D.C.
FROM: Roger Marks, Petroleum Economist
SUBJECT: CDS Tankers
DATE: April 2, 1987

Our June 1985 analysis showed that CDS tankers could save 45% on average shipping costs over non-CDS tankers. This amounted to \$1.25/bbl for Gulf Coast shipments and \$0.57/bbl for West Coast shipments. Since repayment we have seen average tanker rates to destinations east of Panama drop 75 cents.

The three CDS tankers now engaged in ANS trade are moving oil to the U.S. Gulf Coast, and can carry 60 million barrels of ANS per year.

The losses to the State from removal of these tankers would accrue from lower wellhead values due to higher transportation costs. We estimate these losses to be a minimum of \$18 million and as much as \$50 million annually:

Royalty Effect

$$60 \times 1.25 \times .125 = \$9.4$$

Severance Tax Effect

$$60 \times 1.25 \times (1 - .125) \times .15 \times .84 = \$8.3$$

TOTAL \$17.7 million

(The severance tax is levied on non-royalty oil. The severance tax rate is 15 percent. The economic limit factor (ELF), which reduces the effective severance tax rate as well productivity declines, is estimated to be 0.84 over the near term.)

This can be considered a conservative estimate. The reduced competition from removal of the tankers (the tanker market is tight now) could raise transportation cost for all ANS, in which case the State could stand to lose over \$50 million annually if tanker rates on all shipments to the Gulf Coast returned to the previous level:

Royalty Effect

$$300 \times 0.75 \times .125 = 28.1$$

Severance Tax Effect

$$300 \times 0.75 \times (1 - .125) \times .15 \times .84 = 24.8$$

TOTAL \$52.9 million

TESTIMONY OF STANDARD OIL ON HJR 33

THE JONES ACT REQUIRES THAT ALL CARGO TRANSPORTED IN THE DOMESTIC TRADE BE CARRIED ON VESSELS BUILT IN THE UNITED STATES, DOCUMENTED UNDER UNITED STATES LAW, CREWED BY U.S. SEAMEN AND OWNED BY U.S. CITIZENS. UNDER THE MERCHANT MARINE ACT, JONES ACT TANKERS MUST BE BUILT WITHOUT CONSTRUCTION SUBSIDIES AND MUST OPERATE WITHOUT DIRECT FEDERAL OPERATING ASSISTANCE. TANKERS BUILT WITH CONSTRUCTION DIFFERENTIAL SUBSIDY (CDS) ARE ALSO U.S. BUILT, MANNED AND OWNED BUT THESE VESSELS ARE NOT PERMITTED PERMANENT TRADING PRIVILEGES IN THE DOMESTIC TRADE BECAUSE OF THE SUBSIDY THEY RECEIVED.

IN 1977, DEMAND FOR LARGE U.S. FLAG CRUDE TANKERS TO CARRY ANS CRUDE FROM VALDEZ TO PANAMA WAS GREATER THAN THE JONES ACT FLEET COULD SATISFY. IN ORDER TO ALLEVIATE THE SHORTAGE OF LARGE, JONES ACT CRUDE TANKER CAPACITY, VERY LARGE CARGO CARRIERS (VLCC) BUILT WITH CDS WERE GIVEN PERMISSION TO ENTER THE ANS TRADE ON A TEMPORARY BASIS. THESE VESSELS WERE ORIGINALLY BUILT FOR FOREIGN TRADE BUT REDUCED WORLD PETROLEUM DEMAND AND THE HIGHER COST OF US FLAG VESSELS MADE THESE VESSELS UNSUITABLE FOR IMPORT TRADES.

IN ADDITION TO THE SECRETARY'S AUTHORITY TO TEMPORARILY WAIVE JONES ACT SHIP REQUIREMENTS, THE SECRETARY HAS UNDER THE MERCHANT MARINE ACT, THE AUTHORITY TO ELIMINATE ALL DOMESTIC TRADE RESTRICTIONS ON A VESSEL CONSTRUCTED WITH CDS IN EXCHANGE FOR FULL REPAYMENT WITH INTEREST OF THE CDS OBLIGATION. FIVE SHIPS HAVE BEEN ALLOWED TO REPAY THEIR CDS OBLIGATIONS, THE STUYVESANT, BAY RIDGE, BROOKLYN, ARCO SPIRIT AND ARCO INDEPENDENCE. ALL OF THESE SHIPS ARE IN THE ALASKA TRADE.

ON MAY 7, 1985 THE DEPARTMENT OF TRANSPORTATION PUBLISHED A FINAL RULE WHICH

WAIVER ON THE

ALLOWED THESE VESSELS TO OBTAIN A PERMANENT BAN ON DOMESTIC TRADING PRIVILEGES. ON JANUARY 16, 1987, THE COURT OF APPEALS RULES THAT THE SECRETARY VIOLATED THE ADMINISTRATIVE PROCEDURE ACT IN ADOPTING THIS RULE. THE COURT VACATED ITS ORDER, HOWEVER, UNTIL JULY 16, 1987 TO "ALLOW THE SECRETARY TO UNDERTAKE FURTHER PROCEEDINGS TO ADDRESS THE PROBLEMS OF THE MERCHANT MARINE."

SINCE

THE DEPARTMENT HAS PROPOSED A RULE WHICH WOULD REAFFIRM ALLOWING THESE VESSELS IN THE ANS TRADE.

THE FINANCIAL EFFECT ON STANDARD IF WE ARE NOT ALLOWED TO CONTINUE UTILIZING THESE SHIPS IS IN THE MILLIONS OF DOLLARS.

THE FINANCIAL EFFECT ON THE STATE OF ALASKA FROM REDUCED ROYALTIES AND SEVERANCE TAXES ARE ESTIMATED TO RANGE FROM \$18-150 ANNUALLY. IF THE PROPOSED RULE IS NOT ALLOWED TO TAKE EFFECT.

STANDARD STRONGLY SUPPORTS THE RESOLUTION BEFORE YOU. ALLOWING THESE SHIPS IN THE ANS TRADE IS IN THE BEST INTEREST OF BOTH THE ALASKAN OIL INDUSTRY AND THE STATE OF ALASKA.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS.

5-4-87

1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/22/87

FURTHER REFERRALS:

DATE: May 4, 1987

The Transportation Committee has considered HJR 33
Relating to the shipping of Alaska oil.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Betty Cato

Best

Chick Springs

SIGNING OTHER RECOMMENDATIONS:

Betty Cato

 Chairman's signature



Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

*HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Marketing of International Airports.

HB 213: Allocation of Federal Highway Funds

NAME Please include title **ADDRESS** Please use full address. Please include zip. **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Palmer Majr Gov't Affairs	STANDARD OIL BOX 196612 Alaska Production and Storage Anch 99519	6612 564-5403		HJR 33
<i>Chief</i> Vincent Wright	Research Station Taxation	465-2173	Dept of Commerce	HJR 33
MARK HICKEY	DOT/CF		DOT/CF	HJR 33
Sen. Sturgulewski	The Alaska State leg. Pouch II Juneau 99811	465-4989	Sponsor of SCR 5	
Rep. Hoffman	"	465-4453	Sponsor of HB 213	

* indicates first public hearing

HJR

46

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

January 27, 1988

COMMITTEE CALENDAR:

HJR 46: Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

This is a first public hearing

FOR THIS MEETING, YOUR PACKET INCLUDES:

- item #1: HJR 46
- #2: SJR 56
- #3: the new regs
- #4: the old regs
- #5: press release
- #6: misc. backup
- #7: info on the proposed zone changes

1 IN THE HOUSE

BY FRANK, ADAMS, MILLER,
BOYER, KOPONEN, ULMER,
PEARCE AND DAVIS

2 SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 46

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Requesting the Federal Aviation Adminis-
6 tration to exempt aircraft in Alaska
7 from regulations on the size of aircraft
8 registration numbers and on supplemental
9 identification plates.

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

11 WHEREAS agencies of the federal government sometimes adopt regulations
12 that have detrimental effects on the Alaskan economy and that cause in-
13 convenience to Alaskans; and

14 WHEREAS federal regulations are sometimes not relevant to Alaska and
15 serve no useful purpose; and

16 WHEREAS the Federal Aviation Administration has adopted regulations
17 that require 12-inch registration numbers on aircraft entering or leaving
18 an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Iden-
19 tification Zone (DEWIZ) and a supplemental identification plate on the
20 exterior of aircraft; and

21 WHEREAS some parts of Alaska are included within an ADIZ or DEWIZ and
22 other parts are not, and thus those aircraft that fly in and out of these
23 zones must display 12-inch registration numbers, but those aircraft that
24 never enter or leave one of these zones may continue to display three-inch
25 registration numbers; and

26 WHEREAS it is nearly impossible to predict whether an aircraft in
27 Alaska will ever need to enter or leave an ADIZ or DEWIZ; and

28 WHEREAS compliance with these regulations imposes an estimated cost of
29 up to \$215 per aircraft; and

1 WHEREAS these regulations were adopted to assist the U.S. Customs
2 Service in identifying aircraft suspected of carrying illegal drugs across
3 these zones; and

4 WHEREAS there has been no documented case in Alaska involving a small
5 aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

6 WHEREAS these regulations apply to tourists who visit Alaska by pri-
7 vate plane; and

8 WHEREAS the International Cessna 170 Association has chosen to hold a
9 convention in Fairbanks during July 1988 with an expected attendance of 100
10 aircraft, most of which will be Cessna 170's ranging from 32 to 40 years
11 old; and

12 WHEREAS these regulations will have a negative effect on the number of
13 visitors coming to the state by private aircraft for the International
14 Cessna 170 Association convention and for business and tourism purposes;
15 and

16 WHEREAS the Federal Aviation Administration is presently considering
17 proposals to redefine the Alaska ADIZ;

18 BE IT RESOLVED that the Alaska State Legislature respectfully requests
19 the Federal Aviation Administration to either exempt aircraft flying within
20 Alaska and between Alaska and the other states from 14 CFR 45.11(a) and (d)
21 and 14 CFR 45.29(h) or grant an exemption from these regulations to partic-
22 ipants in the International Cessna 170 Association convention; and be it

23 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
24 quests the Federal Aviation Administration to exempt aircraft flying be-
25 tween points in Alaska from these regulations when the boundaries of the
26 Alaska Air Defense Identification Zone are redefined.

27 COPIES of this resolution shall be sent to the Honorable James H.
28 Burnley IV, Secretary of Transportation; the Honorable T. Allan McArtor,
29 Administrator of the Federal Aviation Administration; and to the Honorable

1 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
2 Honorable Don Young, U.S. Representative, members of the Alaska delegation
3 in Congress.
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Steve, we ought to include this

1 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
2 quests the Federal Aviation Administration to authorize the Alaska Region
3 of the Federal Aviation Administration to grant temporary relief from the
4 regulation requiring 12-inch registration numbers to those pilots who
5 penetrate the current Alaska Air Defense Identification Zone until the new
6 description of the Alaska Air Defense Identification Zone is adopted.

7 COPIES of this resolution shall be sent to the Honorable James H.
8 Burnley IV, Secretary of Transportation; to the Honorable T. Allan McArtor,
9 Administrator of the Federal Aviation Administration; and to the Honorable
10 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
11 Honorable Don Young, U.S. Representative, members of the Alaska delegation
12 in Congress.

Original sponsors: Frank, Adams,
Miller, et al.

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 46 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Requesting the Federal Aviation Adminis-
6 tration to exempt aircraft in Alaska
7 from regulations on the size of aircraft
8 registration numbers and on supplemental
9 identification plates.

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

11 WHEREAS agencies of the federal government sometimes adopt regulations
12 that have detrimental effects on the Alaskan economy and that cause in-
13 convenience to Alaskans; and

14 WHEREAS federal regulations are sometimes not relevant to Alaska and
15 serve no useful purpose; and

16 WHEREAS the Federal Aviation Administration has adopted regulations
17 that require 12-inch registration numbers on aircraft entering or leaving
18 an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Iuen-
19 tification Zone (DEWIZ) and a supplemental identification plate on the
20 exterior of aircraft; and

21 WHEREAS some parts of Alaska are included within an ADIZ or DEWIZ and
22 other parts are not, and thus those aircraft that fly in and out of these
23 zones must display 12-inch registration numbers, but those aircraft that
24 never enter or leave one of these zones may continue to display three-inch
25 registration numbers; and

26 WHEREAS it is nearly impossible to predict whether an aircraft in
27 Alaska will ever need to enter or leave an ADIZ or DEWIZ; and

28 WHEREAS compliance with these regulations imposes an estimated cost of
29 up to \$215 per aircraft; and

1 WHEREAS these regulations were adopted to assist the U.S. Customs
2 Service in identifying aircraft suspected of carrying illegal drugs across
3 these zones; and

4 WHEREAS there has been no documented case in Alaska involving a small
5 aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

6 WHEREAS these regulations apply to tourists who visit Alaska by pri-
7 vate plane; and

8 WHEREAS the International Cessna 170 Association has chosen to hold a
9 convention in Fairbanks during July 1988 with an expected attendance of 100
10 aircraft, most of which will be Cessna 170's ranging from 32 to 40 years
11 old; and

12 WHEREAS these regulations will have a negative effect on the number of
13 visitors coming to the state by private aircraft for the International
14 Cessna 170 Association convention and for business and tourism purposes;
15 and

16 WHEREAS the Federal Aviation Administration is presently considering
17 proposals to redefine the Alaska ADIZ;

18 BE IT RESOLVED that the Alaska State Legislature respectfully requests
19 the Federal Aviation Administration to authorize the Alaska Region of the
20 Federal Aviation Administration to grant temporary relief from the regu-
21 lation requiring 12-inch registration numbers to those pilots who penetrate
22 the current Alaska Air Defense Identification Zone until the new descrip-
23 tion of the Alaska Air Defense Identification Zone is adopted; and be it

24 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
25 quests the Federal Aviation Administration to exempt aircraft flying within
26 Alaska and between Alaska and the other states from 14 CFR 45.11(a) and (d)
27 and 14 CFR 45.29(h) and grant an exemption from these regulations to
28 participants in the International Cessna 170 Association convention; and be
29 it

1 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
2 quests the Federal Aviation Administration to exempt aircraft flying be-
3 tween points in Alaska from these regulations when the boundaries of the
4 Alaska Air Defense Identification Zone are redefined.

5 COPIES of this resolution shall be sent to the Honorable James H.
6 Burnley IV, Secretary of Transportation; the Honorable T. Allan McArtor,
7 Administrator of the Federal Aviation Administration; and to the Honorable
8 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
9 Honorable Don Young, U.S. Representative, members of the Alaska delegation
10 in Congress.

BY HALFORD, BINKLEY, FAIKS, ABOOD,
FANNING, COGHILL, FAHRENKAMP,
STURGULEWSKI, FISCHER, JOSEPHSON,
DUNCAN AND HENSLEY

1 IN THE SENATE

2

SENATE JOINT RESOLUTION NO. 56

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Requesting the Federal Aviation Adminis-

6

tration to redescribe the Air Defense

7

Identification Zones north of the con-

8

tiguous 48 states of the United States.

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

10

WHEREAS the Federal Aviation Administration has adopted regulations
11 that require 12-inch registration numbers on aircraft penetrating an Air
12 Defense Identification Zone (ADIZ) or a Distant Early Warning Identifica-
13 tion Zone (DEWIZ); and

14

WHEREAS these regulations were adopted to assist the U.S. Customs
15 Service in identifying aircraft suspected of carrying illegal drugs across
16 these zones; and

17

WHEREAS there has been no documented case in Alaska involving a small
18 aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

19

WHEREAS these regulations will have a negative effect on the number of
20 individuals coming to Alaska by private aircraft for business and tourism
21 purposes, for example, the International Cessna 170 Association convention
22 in Fairbanks;

23

BE IT RESOLVED that the Alaska State Legislature respectfully requests
24 the Federal Aviation Administration to proceed in the most expeditious
25 manner with the redescription of the Alaska Air Defense Identification Zone
26 and other Air Defense Identification Zones north of the contiguous 48
27 states of the United States in order to eliminate the requirement that
28 aircraft flying in Alaska and between Alaska and the other states penetrate
29 these zones; and be it

1 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
2 quests the Federal Aviation Administration to authorize the Alaska Region
3 of the Federal Aviation Administration to grant temporary relief from the
4 regulation requiring 12-inch registration numbers to those pilots who
5 penetrate the current Alaska Air Defense Identification Zone until the new
6 description of the Alaska Air Defense Identification Zone is adopted.

7 COPIES of this resolution shall be sent to the Honorable James H.
8 Burnley IV, Secretary of Transportation; to the Honorable T. Allan McArtor,
9 Administrator of the Federal Aviation Administration; and to the Honorable
10 Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the
11 Honorable Don Young, U.S. Representative, members of the Alaska delegation
12 in Congress.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 43, 45, and 91

[Docket No. 25033; Amendment Nos. 43-29, 45-17, and 91-206]

Aircraft Identification and Retention of Fuel System Modification Records

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This final rule amends the Federal Aviation Regulations to require: (1) that 12-inch high nationality and registration marks be displayed on all aircraft that penetrate an Air Defense Identification Zone or a Defense Early Warning Identification Zone; (2) that a civil aircraft identification data plate be displayed on the exterior surface of each U.S.-registered aircraft; and (3) that a copy of the form which authorizes the alteration of an aircraft with fuel tanks within the passenger or a baggage compartment be kept on board the modified aircraft.

These amendments are necessary because of the increased dangers to civil aviation resulting from the major increase in illegal drug importations into the United States by air. They are intended to expand the effectiveness of narcotic interdiction and, thereby, provide for improvement in safety of civil aviation operations, while at the same time reducing the flow of drugs by air into the United States.

EFFECTIVE DATE: December 8, 1987.

FOR FURTHER INFORMATION CONTACT:

Joseph J. Gwiazdowski, Aircraft Manufacturing Division (AWS-200), Office of Airworthiness, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591, telephone (202) 267-9541.

SUPPLEMENTARY INFORMATION:

Background

Although the Federal Aviation Administration (FAA) does not enforce the anti-drug smuggling and related criminal statutes, it is concerned with the hazards to air commerce in the United States arising from the use of aircraft to escape detection while importing illegal, contraband substances (narcotic drugs, marijuana, and depressant or stimulant drugs) into the United States. The hazards to air commerce have increased consistent with the growing number of pilots who are willing to risk the carriage of these illegal goods despite escalating law enforcement activities. The U.S.

Customs Service (Customs) reports that the vast majority of illegal drug trafficking by air into the United States passes through an Air Defense Identification Zone (ADIZ) or Defense Early Warning Identification Zone (DEWIZ). The means for detection of these aircraft include low altitude radar, law enforcement pursuit aircraft, and advanced police techniques. Those pilots committed to evading detection by pursuit aircraft may engage in extremely dangerous flight techniques, such as very low flight to avoid radar; landing and taking off from unprepared landing areas; operation without lights; and operation in weather conditions beyond the capability and/or qualifications of the aircraft or pilot. These flight techniques create a safety hazard for all other aircraft in the area and for persons and property on the ground. Additionally, many of the aircraft used for such operations have been equipped with extended-range fuel tanks which are not installed in accordance with the Federal Aviation Regulations (FAR), posing an additional safety hazard. Thus, while other agencies are responsible for criminal law enforcement concerning illegal substances (narcotic drugs, marijuana, and depressant or stimulant drugs), the hazardous aeronautical activities of pilots engaged in smuggling and the potential increase in volume of these substances into the United States pose a direct threat to air commerce. This threat was a basis for the FAA adopting § 91.12 of the FAR, which provides that no person may operate a civil aircraft within the United States with knowledge that narcotic drugs, marijuana, and depressant or stimulant drugs are carried in the aircraft, unless authorized under Federal or State law. During several meetings, the FAA and Customs representatives focused on actions required to develop more effective means to reconcile specific drug enforcement problems involving aircraft. In a July 11, 1985, letter to the FAA, the Assistant Secretary of the Department of Treasury outlined and proposed the specific regulatory amendments which Customs considered to be necessary to assist it in curbing use of aircraft carrying illegal substances and to identify those aircraft which may be used for drug smuggling. Customs believes that their proposed amendments represent a significant step toward curbing the use of aircraft for drug smuggling. The proposed amendments are based on the increase of illegal drug importation by aircraft and on the value to law enforcement officials of positive identification of all aircraft including those aircraft which

may be involved in such activities. The problems identified by Customs include:

1. Positive air-to-air identification of aircraft penetrating an ADIZ or DEWIZ is hindered by the difficult-to-read 3-inch identification marks displayed on some of these aircraft;
2. Aircraft with identification (I.D.) plates which cannot readily be seen hamper the prompt identification of stolen or falsely numbered aircraft; and
3. Inability to readily verify unapproved aircraft modifications involving unauthorized fuel tanks in the passenger compartment or a baggage compartment because the records for approved aircraft modifications are not required to be kept aboard the aircraft.

On July 3, 1986, the FAA issued Notice of Proposed Rulemaking (NPRM) No. 86-9 (51 FR 25174; July 10, 1986) proposing responses to these three problems raised by Customs.

Registration Numbers

As discussed in the notice, Customs and other law enforcement groups, in combating drug trafficking by air, frequently must attempt to identify, from a high-performance aircraft, a small low-performance aircraft including aircraft suspected of being used in the illegal activity. Often these operations must be performed at night using special devices and capabilities to enhance identification and to apprehend smugglers. Many of the suspected aircraft have small, 3-inch nationality and registration marks (N-numbers) which are difficult to see or detect when attempting air-to-air identification. This requires maneuvering relatively close to these aircraft so that positive identification can be made. The use of larger registration marks makes identification easier and results in safer operation by maintaining a larger (up to six times greater) separation between the aircraft.

Customs has found that many aircraft flying into the United States display the small, 3-inch marks, making it difficult to identify aircraft, including suspect aircraft. The vast majority of the suspected aircraft, which are not limited to a particular type of aircraft, pass through an ADIZ or DEWIZ prior to entering the United States. It is these aircraft for which Customs, or other law enforcement or military organizations, are likely to attempt air-to-air identification.

Identification Plates

The FAA has adopted several related amendments concerning I.D. plates based on the needs and comments of the aviation community. Section 45.11 of the

FAR was changed by Amendment 45-3 (52 FR 187; January 10, 1987) to require the I.D. plate to be in an accessible location "near an entrance," not necessarily an *external* location, to allow for maximum I.D. plate protection and to facilitate normal aircraft inspection. Based on information presented by small aircraft manufacturers, the FAA again changed § 45.11 of the FAR by adopting Amendment 45-7 (33 FR 14402; September 25, 1968) to provide an optional location for an aircraft I.D. plate. Under this option, the I.D. plate may be affixed permanently on the exterior of the fuselage near the tail surfaces, if it is legible to an observer on the ground. Additionally, FAA Advisory Circular AC 45-2, Identification and Registration Markings, which provides guidance and information concerning the identification and marking requirements for aircraft, includes a provision that, if under certain conditions the I.D. plate had to be covered or enclosed in any manner, its accessibility is considered acceptable if it can be revealed without the use of tools.

The Customs Service indicates that when investigating aircraft, including those suspected of being used for smuggling, it is difficult to determine quickly whether the FAA assigned N-number is displayed appropriately on the aircraft. Furthermore, false numbers may be used on stolen aircraft, which frequently are used for smuggling. Cross-checking the N-number with the I.D. plate data, which is an integral part of identification for the aircraft, assists in determining whether the N-number is false. The I.D. plates for many aircraft, however, are located in the aircraft interior so that they cannot be read from outside the aircraft, making it difficult for investigators to make an on-the-spot check of a suspected aircraft. Customs contends that the repositioning of existing I.D. plates, or placement of another I.D. plate on the exterior of the aircraft near the main entrance, would enable investigators to compare quickly the serial number with the N-number to help determine whether suspect aircraft have been stolen or the N-numbers falsified.

Additional Fuel Tank Installation

The FARs prescribe requirements for the approval of major alterations to aircraft type designs, which include such installations as additional fuel tanks in an aircraft. The FARs also prescribe recordkeeping requirements for such approvals. Most fuel tank installations performed on aircraft operating under Part 91 require an appropriate approval

for the type design change and recording of the completion of the modification on FAA Form 337. Those aircraft operated under Part 121, 127, and 135 of the FARs may have additional fuel tanks installed in accordance with applicable requirements, of the particular continuous airworthiness program and prepare the documentation for the alteration other than an FAA Form 337, in accordance with the continuous airworthiness program.

Customs reports that aircraft used to smuggle drugs are often modified with fuel tanks which are installed in the passenger or a baggage compartment and which are not authorized by the FAA. These fuel tanks are installed to permit the aircraft to make long unrefueled flights, such as from the United States to South America. This long-range unrefueled capability adds to the difficulty in pursuing suspected aircraft. These unauthorized, usually haphazard, fuel tank installations create a safety hazard because there is no assurance that they meet the safety standards established by the FAA.

One problem with attempting to identify the unauthorized extended-range fuel tank installation is that it is difficult to check, on the spot, whether the tanks have been installed in accordance with FAA requirements. The FAR type certification procedures require FAA approval for any changes to type design of a U.S. civil aircraft, such as modifications to install extended-range fuel tanks. Documentation evidencing such approval may vary depending upon the nature of the change to the aircraft's type design.

One way that approval can be evidenced is for an authorized person performing the work to execute an FAA Form 337 in accordance with Appendix B of Part 43 of the FAR. However, there is currently no requirement for records of such authorization to be on board the aircraft. Customs contends that a regulation requiring an FAA Form 337 to be aboard the aircraft when extended-range fuel tanks are installed within the passenger or a baggage compartment would assist Customs in concentrating interdiction efforts on suspicious aircraft not authorized to have such installations. Customs investigators can make an on-the-spot check of the suspected aircraft's FAA Form 337. In addition, this action would assist the FAA in identifying aircraft with unauthorized fuel tanks, and thus avoid a potential hazard to the aviation community and the public.

Participation in Rulemaking

Notice No. 86-9 gave interested persons an opportunity to participate in amending these rules. Due consideration was given to all information submitted by the commenters. Except as discussed in this preamble, the revisions adopted by these amendments and the reasons for them are the same as those in Notice No. 86-9.

Discussion of Amendments

The FAA has determined that the amendments proposed in Notice No. 86-9 should be adopted. The comments received in response to the notice are discussed below.

A. Improve Identification of Aircraft Penetrating the ADIZ and DEWIZ—§§ 45.21 and 45.29

This amendment requires that all aircraft penetrating the ADIZ or DEWIZ display 12-inch markings. However, if any surface authorized to be marked is not large enough for full-size marks, marks as large as practicable shall be placed on the largest of the authorized surfaces in accordance with § 45.29(f).

To ease the burden on owners of affected aircraft which penetrate the defense zones, under the provision of § 45.21(d), this amendment permits the 12-inch markings to be temporary on those "grandfathered" aircraft and certain aircraft which are currently authorized to operate with small markings as specified in § 45.29(b). Moreover, to avoid any burden due to downtime, ferrying, or loss of revenue associated with marking the affected aircraft, a 90-day period is allowed for compliance.

Adoption of this amendment provides for the improvement in safety associated with air-to-air identification of *all* aircraft which penetrate the ADIZ or DEWIZ. It has no impact on the majority of other aircraft operators since most aircraft currently displaying marks less than 12 inches high under Part 45 do not penetrate these zones and thus pose no problem at this time. Those aircraft with smaller marks operating solely within one of these zones, e.g., the Alaska DEWIZ or ADIZ, also will not be affected if they do not depart and reenter (penetrate) the zone.

B. Change I.D. Plate Location—§ 45.11

This amendment requires that all aircraft display an I.D. plate, as specified by § 45.11(a), on the aircraft fuselage exterior surface, in a location legible to an observer on the ground. It must be located adjacent to and aft of the rear-most entrance door or on the exterior surface near the tail. An aircraft

I.D. plate affixed in an easily accessible area, legible to an observer on the ground, facilitates verification of aircraft identification by FAA inspectors, Customs investigators, and other law enforcement officials. The amendment provides for ready access to the I.D. plate data without having to enter the aircraft. It makes the I.D. plate information and N-number available simultaneously to provide a cross reference to help determine whether the aircraft may have been stolen or to determine if the registration number has been falsified. It also facilitates FAA inspectors' identification of aircraft for verification of maintenance, modification, and other airworthiness requirements to assure safe aircraft operation.

This amendment is not retroactive since this could result in a major change which would pose an undue burden on many aircraft owners. For example, if the I.D. plates currently affixed to aircraft, as required, were to be removed (i.e., repositioned) from the existing locations, this could result in damage to the aircraft and I.D. plate, and might require burdensome engineering and manufacturing changes such as structural, interior or exterior repair, or repainting.

As a cost-saving alternative for aircraft manufactured prior to 90 days after the effective date of this amendment, this final rule allows the display of just the model designation and builder's serial number on the fuselage exterior, adjacent to and aft of the rear-most entrance. This may be done if the identification plate is secured at an accessible exterior or interior location near an entrance. The model designation and serial number are required to be affixed in such a manner that they are not likely to be defaced or removed during normal service. Unlike the required fireproof I.D. plate, this "supplemental" identification does not have to be affixed in a manner such that it is not likely to be lost or destroyed in an accident. Thus, the data may be affixed in a relatively low-cost manner, such as by painting or decal.

C. Illegal Fuel Tank Installation—Part 43, Appendix B(a) and (d); § 91.27(c); and § 91.173(a) and (d)

This amendment requires that all affected aircraft modified with additional fuel tanks in the passenger or a baggage compartment, under Part 43 of the FAR, physically have on board the aircraft a copy of the required FAA Form 337. This includes aircraft previously not required to have an FAA Form 337 for fuel tank installations

when operating with a special flight permit for the purpose of delivery or export. This amendment also requires that the owner or operator of an aircraft with such fuel tanks present the FAA Form 337 for inspection by any law enforcement officer.

This amendment provides one means for FAA, Customs, and other investigators to quickly obtain evidence as to whether the additional tanks in the aircraft are authorized or possibly illegally installed. Enforcement action can then be taken by the FAA and the appropriate agency against persons operating such aircraft. Action can also be taken to prevent the aircraft from being flown. This rule makes it possible for Customs to concentrate interdiction efforts on those aircraft modified with unauthorized fuel tank installations and which are possibly being used for illegal drug trafficking. By limiting this rule to aircraft modified with fuel tanks in the passenger or baggage compartments, which requires an FAA Form 337 under Part 43, operators of aircraft with FAA-approved extended-range fuel tanks located elsewhere in the aircraft (e.g., wing tip tanks) would not be required to keep that authorization on board the aircraft.

Discussion of Comments

General

Eighty commenters, representing the views of the aviation community, participated in this rulemaking. Comments were submitted by individual pilots and owners and operators of aircraft including representatives of some aviation and aircraft manufacturers associations. Generally, the commenters support Customs' objective to stop the flow of illegal drugs into the United States by air. However, most commenters disagree as to what amendments should be adopted and who should comply with them. Some commenters disagree with all the amendments or recommend proposals which are outside the scope of the NPRM. The majority of the commenters address the proposed amendments separately and give reasons which oppose a particular issue and either concur in or withhold comments on the other issues.

The comments from aviation association representatives on the amendments also range from full support as noted by the Airline Pilots Association (ALPA) to "no merit" as the Aircraft Owners and Pilots Association (AOPA) contends. Many commenters contend that the FAA action will not stop drug trafficking and question the value of these amendments. They

contend that there are more effective ways to stop drug smugglers such as direct legislation against smugglers. The commenters, however, fail to recognize or acknowledge that the FAA action proposed in Notice No. 86-9 is only a part of the total U.S. Government on-going effort to actively suppress drug smuggling, which includes law enforcement agencies efforts of other Departments such as the Treasury, Justice, and Defense. These initiatives carry out the mandates of Congress, such as the Anti-Drug Abuse Act (Pub. L. 99-570, October 27, 1986).

The pertinent comments and commenters' recommendations concerning each amendment are discussed in the following paragraphs. In addition, comments concerning the time and cost of compliance are discussed separately.

Registration Numbers

The majority of commenters object to the requirement for displaying 12-inch N-numbers on certain aircraft that penetrate an ADIZ or DEWIZ. The commenters contend that the amendment imposes unnecessary costs on owners and operators of aircraft allowed to display smaller N-numbers under § 45.29(b), with no benefit to legitimate operators who must pay for an ineffective law which drug smugglers can easily circumvent with temporary and false markings. Also, operators of some aircraft such as experimental amateur-built, rotorcraft, gliders, airships, and balloons feel that this amendment should be limited to twin-engine, fixed-wing aircraft.

The FAA disagrees because, as stated in the notice, there is an urgent need for positive identification of *all aircraft* that penetrate the defense zones, regardless of size and configuration. However, it should be noted that this amendment only affects those aircraft that display the ineffective small N-numbers and penetrate the ADIZ or DEWIZ. Additionally, to avoid unnecessary costs to operators of the affected aircraft, a 90-day time period is provided for compliance. This provides for sufficient time in which the temporary or permanent 12-inch N-numbers can be affixed to aircraft affected.

A few commenters questioned why all aircraft operating in Alaska must display 12-inch marks since Alaska lies entirely within an ADIZ while aircraft in the contiguous United States may display small N-numbers. However, the rule applies to those aircraft that *penetrate* the ADIZ or DEWIZ. Accordingly, aircraft allowed to display small N-numbers in accordance with

regulations, whether in the United States or elsewhere, must affix 12-inch N-numbers only if they are going to penetrate an ADIZ or DFWIZ. Thus, aircraft operating solely within the State of Alaska will not be required to display 12 inch N-numbers unless they depart on and reenter the ADIZ.

Some commenters contend that the amendment penalizes legitimate aircraft operators while drug smugglers can easily circumvent or violate the regulation. The FAA disagrees because most aircraft operators are required to display 12-inch N-numbers under Part 45. Further, the FAA, in conjunction with other law enforcement agencies, aggressively investigates and takes appropriate action on incidents involving violations of the FAR. Furthermore, under the new Anti-Drug Abuse Act, increased civil and criminal penalties may be imposed on aircraft operators involved in drug smuggling. These penalties range up to \$250,000 and 20 years in prison and include the seizure and forfeiture of the aircraft. The amendments to §§ 45.21 and 45.29 have been adopted as proposed.

Identification Data Plates

With regard to the exterior location of I.D. plates and/or data, most commenters contend generally that this amendment is ineffective, impractical, or redundant. A majority of the commenters contend that the amendments would be ineffective because the rule can be easily circumvented by falsifying the data on the exterior surface of the aircraft. The FAA does not agree since the FAA penalties and the more recent legislation, cited previously, are expected to deter such violations.

Some commenters maintain that the rule is impractical because repositioning the existing I.D. plates or affixing a second I.D. plate could damage the aircraft, especially those covered with fabric. The FAA does not agree since the rule does not require repositioning of the original I.D. plates, which conceivably could result in damage to the aircraft. Also, both old and new aircraft can have I.D. plates affixed on the exterior surface, as required, without damaging even fabric-covered aircraft.

Some commenters claim that I.D. plates affixed to the exterior surface of large aircraft would be too high to read by an observer on the ground. Others argue that there is no need to change the I.D. plate location on some rotorcraft, open cockpit aircraft, and balloons where the required I.D. plate can be viewed by an observer outside the aircraft.

However, although I.D. plates can be viewed from the outside of some aircraft, the FAA has determined that I.D. plates in a *standard* location on the exterior surface adjacent to and aft of the rear-most entrance door of an aircraft provides for quick access to the I.D. information, in addition to precluding the need to gain access to the inside of an aircraft.

With regard to the redundant data, commenters contend that there is no need to affix the same data in two places on the same aircraft, therefore, the status quo should be maintained or the NPRM withdrawn.

The FAA disagrees because the I.D. information which is secured inside an aircraft cannot be obtained readily, as some contend, without gaining access to the aircraft. The FAA has determined that the standard exterior location is the most effective location for I.D. plates and/or data. A standard location provides quick access to the identification data with the least impact on the aviation community since most aircraft owners and operators already comply with that requirement, while others can mark their aircraft inexpensively as discussed in Notice No. 86-9.

Additional Fuel Tank Installations

The majority of commenters responding to this amendment agreed with the requirement to have the completed FAA Form 337 aboard an aircraft modified in accordance with Part 43 with fuel tanks in the passenger or baggage compartments. Those opposed contend that the amendment imposes an unnecessary burden on operators of aircraft that may be modified with fuel tanks in accordance with regulations which do not require the use of an FAA Form 337 for documenting major alternations. Accordingly, they maintain that the rule should exempt operators under Parts 121, 127, or 135, as applicable.

The FAA considered the regulations governing aircraft modified under other applicable provisions. However, approved documentation under a continuous airworthiness maintenance program may not be as suitable for carriage on an aircraft as the FAA Form 337. For that reason, the proposed amendment applied only to aircraft modified pursuant to part 43 with fuel tanks installed in the passenger or baggage compartments. This amendment adopts that proposal. The new rule does not require documentation for aircraft modified under other provisions of the FAR.

Some commenters state that the FAA Form 337 can be easily falsified or that

an approved installation could be used by a smuggler and that, either way, the amendment has little value. The FAA does not agree since violations of the applicable regulations, such as unapproved equipment installations, are vigorously pursued and enforced by the FAA to maintain safety in air operations. In addition, Customs considers this amendment to be a significant step toward curbing the use of aircraft for drug smuggling.

Time for Compliance

Some commenters object that the proposal does not provide sufficient time for compliance and that this creates an undue burden on owners and operators because of the requirements for ferrying and downtime. The FAA agrees with these commenters. It was planned to allow a period of 90 days after the effective date for compliance with the requirements for the display of 12-inch N-numbers and for the affixing of I.D. plate and/or data. In the NPRM, however, the "October 8, 1986" date was published in error apparently by using the published date of July 10, 1986, as the start of the 90-day period. A correction is made to allow sufficient time for compliance.

To preclude an undue burden on aircraft owners and operators, the 90-day period provides time for appropriate N-numbers and the I.D. plate and/or data to be affixed. The delayed compliance time only applies to the requirements for the display of 12-inch N-numbers and the I.D. plate and/or data. The display of temporary 12-inch markings is permitted for N-numbers, as appropriate, and the method for affixing data plate information on the exterior surface of an aircraft is purposely undefined to allow for economic alternatives, such as painting or decals.

Cost of Compliance

The majority of commenters object to the cost that would be imposed by the proposed 12-inch N-numbers and I.D. plate amendments. They contend that the cost of compliance estimates are too low. In addition, the commenters indicate that the FAA cost estimates do not reflect a loss of revenue caused by ferrying and downtime.

The FAA disagrees with the commenters that its cost estimates are too low. The FAA believes its cost estimates to be a good indicator of what aircraft operators/owners impacted would, on the average, incur. Moreover, after careful examination of the comments received on NPRM No. 86-9, it has become apparent to the FAA that the majority of the commenters

apparently failed to consider the FAA assumptions noted in the NPRM or as detailed in the draft regulatory evaluation in the docket. This evaluation fully explains how the cost of compliance estimates, which range between \$100 and \$215, were derived and contains a number of assumptions on which these cost estimates are based. Briefly, some of these assumptions are based on the fact that only those aircraft displaying small N-numbers under § 45.29, which includes aircraft "grandfathered" by Amendments 45-13 and 45-15, would be impacted by the 12-inch N-numbers requirement when penetrating the ADIZ or DEWIZ. It is further assumed that all operators of those "grandfathered" aircraft will be required to display 12-inch N-numbers only 1 or 2 years sooner than they otherwise would be required because of repainting, restoring, or changing the marks. Therefore, the FAA evaluation accurately reflects only that small portion of the estimated \$550 cost of displaying 12-inch N-numbers. The net result is that this rule will impact very few aircraft since most aircraft would switch to permanent 12-inch N-numbers in that period.

The cost of compliance for the I.D. plate amendment assumes that this data information would be painted on the designated exterior of all existing impacted aircraft for about \$100 based on conversations between FAA and fixed base operators.

With regard to downtime and ferrying, the FAA allows impacted aircraft operators and owners a period of 90 days after the effective date of the final rule to come into compliance. This period of 90 days provides sufficient time for impacted operators and owners to comply with the rule without incurring additional costs attributed to downtime and ferrying. The intent of the FAA has always been to allow a reasonable period of time for impacted parties to comply with the rule. It has always been the policy of the FAA *not* to impose undue cost burdens on parties impacted by its regulatory efforts.

Summary of Comments

Most commenters oppose the adoption of the amendments; however, they have neither provided sufficient justification for their positions nor shown that withdrawing Notice No. 86-9 is in the public interest. It appears that many commenters failed to consider the reasons for adopting the amendments provided in the NPRM. Many comments objected that they must comply with the amendments when, in fact, they are not affected. For example, their aircraft will not penetrate an ADIZ or DEWIZ, or the

I.D. plates are already affixed as required. The new requirement for the appropriate FAA Form 337 to be aboard aircraft modified with certain fuel tanks under Part 43 is favored by the majority of the commenters and poses no problem.

The FAA agrees with comments requesting that it clarify and correct errors. Therefore, the comments that the FAA is accepting, and which the final rule reflects, include an appropriate compliance date and editorial changes suggested to clarify the amendments as proposed. Also, in response to comments, the FAA has also reevaluated and clarified the cost impact where necessary.

Regulatory Evaluation Summary

The regulatory evaluation prepared for this rule examines the benefit and cost aspects of the establishment of identification, registration marking and recording of major repair requirements that impact general aviation aircraft. The rule includes amendments to Parts 43, 45, and 91 of the FAR, which respond to the Department or Treasury's request for the following:

1. That, 90 days after the effective date of this rule, 12-inch high nationality and registration marks (N-numbers) must be displayed on aircraft that penetrate an ADIZ or a DEWIZ;
2. That, 90 days after the effective date of this rule, a civil aircraft identification (I.D.) plate or its information must be displayed in a legible area on the fuselage exterior of an aircraft either adjacent to and aft of the rear-most entrance, or on the fuselage near the tail surfaces; and
3. That, after the effective date of this rule, a copy of the FAA Form 337 completed upon installation of fuel tanks installed within the passenger compartment or a baggage compartment under Part 43 of the FAR be kept in the aircraft by the owner or operator.

Costs

Estimates of the cost of compliance with the amendments to Parts 43, 45, and 91 have been developed by the FAA. Cost estimates were obtained primarily from civil aircraft manufacturers and fixed based operators.

This evaluation estimates that the one-time cost of compliance associated with the amendments to § 45.11 (I.D. plate amendment) and § 45.29 (12-inch N-number amendment) are expected to range between \$7 million and \$8 million (present discounted value of cost at 10 percent, 1987). The amendment to § 45.11 will impact an estimated 79,300

to 82,000 fixed-wing aircraft, rotorcraft, and other types of affected civil aircraft (blimps, balloons, and gliders) at a cost of \$100 each. Moreover, the amendment to § 45.29 will affect an estimated 3,900 to 13,500 fixed-wing aircraft and rotorcraft at a cost of \$55 to \$115 each, respectively. Collectively, the cost of compliance will range between \$100 and \$215 per aircraft (1985 dollars). Conversely, the amendments to Appendix B of Part 43 (Recording of Major Repairs and Major Alterations), § 91.27 (Civil Aircraft: Certifications Required), and § 91.173 (Maintenance Records) are estimated to impose no additional cost. Under this amendment, this form is filled out in triplicate, rather than duplicate, to provide for a copy to be kept on board an aircraft modified with a fuel tank in the passenger compartment or a baggage compartment. In addition, the amendment to § 45.21 (General) is estimated to impose no additional cost to owners and operators of aircraft which may penetrate a defense zone because it merely provides for the option of using temporary or permanent 12-inch markings rather than an additional requirement.

Benefits

The anticipated benefits of the amendments include the following: (1) improved positive identification of those aircraft previously allowed to display small N-numbers when penetrating the ADIZ or DEWIZ; (2) improved verification of aircraft identification and enhanced ability of inspectors to determine noncompliance, such as whether a suspect aircraft had been stolen or the N-numbers falsified; and (3) increased effectiveness of Customs in concentrating interdiction efforts on suspicious aircraft not authorized to operate with fuel tanks installed in the passenger compartment or a baggage compartment. The FAA has been unable to quantitatively determine the extent to which Customs' drug interdiction efforts will be enhanced by this rule and resulting benefits. This difficulty is largely attributed to the fact that benefits of Customs' drug enforcement efforts represent a public good. This good does not subject itself to market evaluation. Thus, it is extremely difficult to evaluate these benefits in monetary terms. An indication of the potential benefits that could accrue from reduced drug abuse activity, due to enhanced drug interdiction, is shown in a 1984 report by the Research Triangle Institute. The report revealed that the economic cost to society of drug abuse amounts to approximately \$64 billion annually.

Safety benefits are also expected to accrue from this rule. These benefits are related to the lowering of fatalities and serious injuries associated with operation of civil aircraft in active drug trafficking areas. A review of the National Transportation Safety Board's data base for drug-related accidents revealed that 127 fatalities and 33 serious injuries occurred between 1975 and 1984. During this period, these statistics equated to an annual average of 13 fatalities and 3 serious injuries related to drug trafficking activity. The rule is expected to have a positive impact on these grim statistics, though to what extent is not known by the FAA.

The regulatory evaluation that has been placed in the docket contains information in more detail related to costs and benefits that are expected to accrue from the implementation of this rule.

Regulatory Flexibility Determination

The FAA has determined that, under the criteria of the Regulatory Flexibility Act of 1980, the amendments contained in this rule are not expected to have a significant economic impact on a substantial number of small entities. The responsibility for marking or providing I.D. plate information on existing aircraft is placed directly on the owner or operator of the aircraft. However, for new aircraft, the I.D. plate responsibility is placed on the applicant for airworthiness certificate, usually the manufacturer. This amendment will impose no additional cost on manufacturers since it only requires that the I.D. plate be located on the exterior rather than interior of the aircraft. The majority of small entities impacted by this rule represent operators of unscheduled aircraft for hire. These operators are expected to incur a one-time compliance cost ranging between \$155 and \$215. These costs are far below the annualized threshold of significant regulatory cost of \$3,540. Therefore, this rule will not have a significant economic impact on a substantial number of small entities.

International Trade Impact Statement

All foreign and domestic manufactured aircraft sold in the United States need to be identified in accordance with the provisions of this rule. The cost of marking the aircraft is borne by individual domestic owners or operators only. This rule will not have an impact on trade opportunities for U.S. firms doing business overseas or for foreign firms doing business in the United States.

Conclusion

The amendments contained in this FAA document involve only the cost of affixing N-numbers or data to aircraft belonging to a minor part of the aviation community. The benefits are unquantifiable in that the amendment will enhance safety as well as assist Customs in its drug interdiction efforts as requested. The cost imposed on small entities are below the annualized threshold of significant regulatory costs. Therefore, I certify that under the criteria of the Regulatory Flexibility Act, these amendments do not have a significant economic impact, positive or negative, on a substantial number of small entities, and a regulatory flexibility analysis is not required. In addition, for the same reasons, the amendments do not involve a major rule under Executive Order 12291. Because it involves important DOT policy, the rule is considered significant under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). A copy of the regulatory evaluation for this action is contained in the regulatory docket. A copy of it may be obtained by contacting the person identified under the caption "FOR FURTHER INFORMATION CONTACT."

List of Subjects

14 CFR Part 43

Aircraft.

14 CFR Part 45

Nationality.

14 CFR Part 91

Aircraft, Airworthiness directives and standards.

Adoption of the Amendments

In consideration of the foregoing, Parts 43, 45, and 91 of the Federal Aviation Regulations (14 CFR Parts 43, 45, and 91) are amended as follows:

PART 43—MAINTENANCE, PREVENTIVE MAINTENANCE, REBUILDING, AND ALTERATION

1. The authority citation for Part 43 continues to read as follows:

Authority: 49 U.S.C. 1354, 1421 through 1430; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983).

2. Appendix B is amended by revising the introductory text of paragraph (a) and adding a new paragraph (d) to read as follows:

Appendix B—Recording of Major Repairs and Major Alterations

(a) Except as provided in paragraphs (b), (c), and (d) of this appendix, each person

performing a major repair or major alteration shall—

(d) For extended-range fuel tanks installed within the passenger compartment or a baggage compartment, the person who performs the work and the person authorized to approve the work by § 43.7 of this part shall execute an FAA Form 337 in at least triplicate. One (1) copy of the FAA Form 337 shall be placed on board the aircraft as specified in § 91.173 of this chapter. The remaining forms shall be distributed as required by paragraph (a) (2) and (3) or (c) (1) and (2) of this paragraph as appropriate.

PART 45—IDENTIFICATION AND REGISTRATION MARKING

3. The authority citation for Part 45 continues to read as follows:

Authority: 49 U.S.C. 1348, 1354, 1401, 1402, 1421, 1423, and 1522; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983).

4. Section 45.11 is amended by revising paragraph (a) and adding a new paragraph (d) to read as follows:

§ 45.11 General.

(a) *Aircraft and aircraft engines.* Aircraft covered under § 21.182 of this chapter must be identified, and each person who manufactures an aircraft engine under a type or production certificate shall identify that engine, by means of a fireproof plate that has the information specified in § 45.13 of this part marked on it by etching, stamping, engraving, or other approved method of fireproof marking. The identification plate for aircraft must be secured in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident. Except as provided in paragraphs (c) and (d) of this section, the aircraft identification plate must be secured to the aircraft fuselage exterior so that it is legible to a person on the ground, and must be either adjacent to and aft of the rear-most entrance door or on the fuselage surface near the tail surfaces. For aircraft engines, the identification plate must be affixed to the engine at an accessible location in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident.

(d) On aircraft manufactured before December 8, 1987, the identification plate required by paragraph (a) of this section may be secured at an accessible exterior or interior location near an entrance, if the model designation and builder's serial number are also displayed on the aircraft fuselage exterior. The model designation and

builder's serial number must be legible to a person on the ground and must be located either adjacent to and aft of the rear-most entrance door or on the fuselage near the tail surfaces. The model designation and builder's serial number must be displayed in such a manner that they are not likely to be defaced or removed during normal service.

5. Section 45.21 is amended by revising paragraph (d)(3) to read as follows:

§ 45.21 General.

(d) * * *
(3) It is marked temporarily to meet the requirements of § 45.22(c)(1) or § 45.29(h) of this part, or both.

6. Section 45.29 is amended by revising the introductory text of paragraph (b) and adding a new paragraph (h) to read as follows:

§ 45.29 Size of Marks.

(b) *Height.* Except as provided in paragraph (h) of this part, the nationality and registration marks must be of equal height and on—

(h) After December 8, 1987, each operator of an aircraft penetrating an ADIZ or DEWIZ shall display on that aircraft temporary or permanent nationality and registration marks at least 12 inches high.

PART 91—GENERAL OPERATING AND FLIGHT RULES

7. The authority citation for Part 91 continues to read as follows:

Authority: 49 U.S.C. 1301(7), 1303, 1344, 1348, 1352 through 1355, 1401, 1421 through 1431, 1471, 1472, 1502, 1510, 1522, and 2121 through 2125; Articles 12, 29, 31, and 32(a) of the Convention on International Civil Aviation (81 S.A. 1180); 42 U.S.C. 4321 *et seq.*; E.O. 11514; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983).

8. Section 91.27 is amended by adding a new paragraph (c) to read as follows:

§ 91.27 Civil aircraft: Certifications required.

(c) No person may operate an aircraft with a fuel tank installed within the passenger compartment or a baggage compartment unless the installation was accomplished pursuant to Part 43 of this chapter, and a copy of FAA Form 337 authorizing that installation is on board the aircraft.

9. Section 91.173 is amended by revising paragraph (c) and adding a new paragraph (d) to read as follows:

§ 91.173 Maintenance records.

(c) The owner or operator shall make all maintenance records required to be kept by this section available for inspection by the Administrator or any authorized representative of the National Transportation Safety Board (NTSB). In addition, the owner or operator shall present the Form 337 described in paragraph (d) of this section for inspection upon request of any law enforcement officer.

(d) When a fuel tank is installed within the passenger compartment or a baggage compartment pursuant to Part 43, a copy of the FAA Form 337 shall be kept on board the modified aircraft by the owner or operator.

Issued in Washington, D.C., on September 1, 1987.

T. Allan McArtor,
Administrator.

[FR Doc. 87-20606 Filed 9-8-87; 8:45 am]
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TABLE III—FRICTION

Altitude (feet)	Tolerance (feet)
0	±70
0	70
0	70
0	70
00	80
00	90
100	100
100	120
100	140
100	160
100	180
100	200

TABLE IV—PRESSURE-ALTITUDE DIFFERENCE

Pressure (inches of Hg)	Altitude difference (feet)
10	-1,727
10	-1,340
10	-863
10	-392
10	0
10	+531
10	+893
10	+974

Secs. 313, 314, and 601 through 610 of the Federal Aviation Act of 1958 (49 U.S.C. 1354, 1355, and 1421 through 1430) and sec. (c), Dept. of Transportation Act (49 U.S.C. 855(c))

Amdt. 43-2, 30 FR 8262, June 28, 1965, as amended by Amdt. 43-7, 32 FR 7587, May 4, 1967; Amdt. 43-19, 43 FR 22639, May 25, 1978; Amdt. 43-23, 47 FR 41086, Sept. 16, 1982

APPENDIX F—ATC TRANSPONDER TESTS AND INSPECTIONS

The ATC transponder tests required by § 91.177 of this chapter may be conducted using a bench check or portable test equipment and must meet the requirements prescribed in paragraphs (a) through (d) of this appendix. If portable test equipment with appropriate coupling to the aircraft antenna system is used, operate the test equipment at a nominal rate of 235 interrogations per second to avoid possible ATCRBS interference. An additional 3db loss is allowed to compensate for antenna coupling errors during receiver sensitivity measurements conducted in accordance with paragraph (c)(1) when using portable test equipment.

(a) For reply radio frequently, interrogate the transponder and verify that the reply frequency of the system is 1090 ± 3 MHz.

(b) Suppression: When the transponder is interrogated on mode 3/A at an interrogation rate between 230 and 1000 interrogations per second for class 1B and 2B transponders or between 230 and 1200 interrogations per second for class 1A and 2A transponders:

(1) Verify that the transponder does not respond to more than 1 percent of the interrogations when the amplitude of P₁ pulse is equal to the P₂ pulse.

(2) Verify that the transponder replies to at least 90 percent of the interrogations when the amplitude of the P₁ pulse is 9db less than the P₂ pulse.

If the test is conducted with a radiated test signal, the interrogation rate shall be 335 ± 5 interrogations per second unless a higher rate has been approved for the test equipment used at that location.

(c) Receiver sensitivity:

(1) Verify that receiver sensitivity of the system is -73 ± 4 dbm by use of a test set—

(i) Connected to the antenna end of the transmission line;

(ii) Connected to the antenna terminal of the transponder with a correction for transmission line loss; or

(iii) Utilizing a radiated signal.

(2) Verify that the difference in mode 3/A and mode C receiver sensitivity does not exceed 1db.

(d) Records:

Comply with the provisions of § 43.9 of this chapter as to content, form, and disposition of the records.

(Secs. 313, 314, and 601 through 610 of the Federal Aviation Act of 1958 (49 U.S.C. 1354, 1355, and 1421 through 1430) and sec. 6(c), Dept. of Transportation Act (49 U.S.C. 1555(c)))

(Amdt. No. 43-18, 38 FR 35442, Dec. 28, 1973, as amended by Amdt. 43-19, 43 FR 22639, May 25, 1978)

PART 45—IDENTIFICATION AND REGISTRATION MARKING

SPECIAL FEDERAL AVIATION REGULATION No. 27 (NOTE)

Subpart A—General

Sec.

45.1 Applicability.

Subpart B—Identification of Aircraft and Related Products

45.11 General.

45.13 Identification data.

45.14 Identification of critical components.

45.15 Replacement and modification parts.

Sec.

Subpart C—Nationality and Registration Marks

45.21 General.

45.22 Ex 'bition, antique, and other aircraft; special rules.

45.23 Display of marks; general.

45.25 Location of marks on fixed-wing aircraft.

45.27 Location of marks; nonfixed-wing aircraft.

45.29 Size of marks.

45.31 Marking of export aircraft.

45.33 Sale of aircraft; removal of marks.

AUTHORITY: 49 U.S.C. 1348, 1354, 1401, 1402, 1421, 1423, 1972, 1655(c); (Revised Pub. L. 97-449, January 12, 1983).

SOURCE: Docket No. 2047, 29 FR 3223, Mar. 11, 1964, unless otherwise noted.

SPECIAL FEDERAL AVIATION REGULATION No. 27—FULL VENTING AND EXHAUST EMISSION REQUIREMENTS FOR TURBINE ENGINE POWERED AIRPLANES

EDITORIAL NOTE: For the text of SFAR No. 27, see Part 11 of this chapter.

Subpart A—General

§ 45.1 Applicability.

This part prescribes the requirements for—

(a) Identification of aircraft, and identification of aircraft engines and propellers that are manufactured under the terms of a type or production certificate;

(b) Identification of certain replacement and modified parts produced for installation on type certificated products; and

(c) Nationality and registration marking of U.S. registered aircraft.

(Doc. No. 2047, 29 FR 3223, Mar. 11, 1964, as amended by Amdt. 45-3, 32 FR 188, Jan. 10, 1967)

Subpart B—Identification of Aircraft and Related Products

§ 45.11 General.

(a) Aircraft and aircraft engines. Aircraft covered under § 21.182 of this chapter must be identified, and each person who manufactures an aircraft engine under a type or production certificate shall identify that engine by means of a fireproof plate that has the

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Information specified in § 45.13 marked on it by etching, stamping, engraving, or other approved method of fireproof marking. The identification plate for aircraft must be secured in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident. Except as provided in paragraph (c) of this section, the aircraft identification plate must be secured to the aircraft at an accessible location near an entrance, except that if it is legible to a person on the ground it may be located externally on the fuselage near the tail surfaces. For aircraft engines, the identification plate must be affixed to the engine at an accessible location, in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident.

(b) *Propellers and propeller blades and hubs.* Each person who manufactures a propeller, propeller blade, or propeller hub under the terms of a type or production certificate shall identify his product by means of a plate, stamping, engraving, etching, or other approved method of fireproof identification that is placed on it on a noncritical surface, contains the information specified in § 45.13, and will not be likely to be defaced or removed during normal service or lost or destroyed in an accident.

(c) For manned free balloons, the identification plate prescribed in paragraph (a) of this section must be secured to the balloon envelope and must be located, if practicable, where it is legible to the operator when the balloon is inflated. In addition, the basket and heater assembly must be permanently and legibly marked with the manufacturer's name, part number (or equivalent) and serial number (or equivalent).

[Amdt. 45-3, 32 FR 188, Jan. 10, 1967 as amended by Amdt. 45-7, 33 FR 14402, Sept. 25, 1968; Amdt. 45-12, 45 FR 60183, Sept. 11, 1980; 45 FR 85597, Dec. 29, 1980]

§ 45.13 Identification data.

(a) The identification required by § 45.11 (a) and (b) shall include the following information:

- (1) Builder's name.
- (2) Model designation.

(3) Builder's serial number.

(4) Type certificate number, if any.

(5) Production certificate number, if any.

(6) For aircraft engines, the established rating.

(7) Any other information the Administrator finds appropriate.

(b) Except as provided in paragraph (d)(1) of this section, no person may remove, change, or place identification information required by paragraph (a) of this section, on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub, without the approval of the Administrator.

(c) Except as provided in paragraph (d)(2) of this section, no person may remove or install any identification plate required by § 45.11 of this part, without the approval of the Administrator.

(d) Persons performing work under the provisions of Part 43 of this chapter may, in accordance with methods, techniques, and practices acceptable to the Administrator—

(1) Remove, change, or place the identification information required by paragraph (a) of this section on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub; or

(2) Remove an identification plate required by § 45.11 when necessary during maintenance operations.

(e) No person may install an identification plate removed in accordance with paragraph (d)(2) of this section on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub other than the one from which it was removed.

[Amdt. 45-3, 32 FR 188, Jan. 10, 1967, as amended by Amdt. 45-10, 44 FR 45379, Aug. 2, 1979; Amdt. 45-12, 45 FR 60183, Sept. 11, 1980]

§ 45.14 Identification of critical components.

Each person who produces a part for which a replacement time, inspection interval, or related procedure is specified in the Airworthiness Limitations section of a manufacturer's maintenance manual or Instructions for Continued Airworthiness shall permanently and legibly mark that component

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holder's serial number.
 certificate number, if any.
 production certificate number, if

for aircraft engines, the estab-
 lishing.

by other information the Ad-
 ministrator finds appropriate.

Except as provided in paragraph
 (a) of this section, no person may
 change, or place identification
 information required by paragraph (a)
 of this section, on any aircraft, air-
 engine, propeller, propeller
 hub, or propeller hub, without the
 approval of the Administrator.

Except as provided in paragraph
 (a) of this section, no person may
 or install any identification
 information required by § 45.11 of this part,
 without the approval of the Adminis-

persons performing work under
 provisions of Part 43 of this chap-
 ter in accordance with methods,
 practices, and procedures acceptable to
 the Administrator—

(1) Move, change, or place the
 identification information required by
 paragraph (a) of this section on any
 aircraft engine, propeller,
 propeller blade, or propeller hub; or
 (2) Move an identification plate
 required by § 45.11 when necessary
 for maintenance operations.

(3) No person may install an identifi-
 cation plate removed in accordance
 with paragraph (d)(2) of this section
 on an aircraft, aircraft engine, pro-
 peller blade, or propeller
 hub other than the one from which it
 was removed.

§ 45.14, 32 FR 188, Jan. 10, 1967, as
 amended by Amdt. 45-10, 44 FR 45379, Aug.
 1979; Amdt. 45-12, 45 FR 60183, Sept. 11,

§ 45.14 Identification of critical compo-

Each person who produces a part for
 replacement time, inspection inter-
 val, or related procedure is specified
 in the Airworthiness Limitations
 section of a manufacturer's mainte-
 nance manual or Instructions for Con-
 tinued Airworthiness shall permanent-
 ly and legibly mark that component

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with a part number (or equivalent)
 and a serial number (or equivalent).

[Amdt. 45-16, 51 FR 40703, Nov. 7, 1986]

EFFECTIVE DATE NOTE: Section 45.14 was
 revised at 51 FR 40703, Nov. 7, 1986, effec-
 tive January 6, 1987. For the convenience of
 the reader, the superseded text is set forth
 below.

§ 45.14 Identification of critical components.

Each person who produces a part for
 which a replacement time, inspection inter-
 val, or related procedure is specified in the
 Airworthiness Limitations section of a Man-
 ufacturer's Maintenance Manual or Instruc-
 tions for Continued Airworthiness shall
 mark that component with a part number
 (or equivalent) and serial number (or equiv-
 alent).

[Amdt. 45-12, 45 FR 60183, Sept. 11, 1980]

**§ 45.16 Replacement and modification
parts.**

(a) Except as provided in paragraph
 (b) of this section, each person who
 produces a replacement or modifica-
 tion part under a Parts Manufacturer
 Approval issued under § 21.303 of this
 chapter shall permanently and legibly
 mark the part with—

- (1) The letters "FAA-PMA";
- (2) The name, trademark, or symbol
 of the holder of the Parts Manufactur-
 er Approval;
- (3) The part number; and
- (4) The name and model designation
 of each type certificated product on
 which the part is eligible for installa-
 tion.

(b) If the Administrator finds that a
 part is too small or that it is otherwise
 impractical to mark a part with any of
 the information required by para-
 graph (a) of this section, a tag at-
 tached to the part or its container
 must include the information that
 could not be marked on the part. If
 the marking required by paragraph
 (a)(4) of this section is so extensive
 that to mark it on a tag is impractical,
 the tag attached to the part or the
 container may refer to a specific read-
 ily available manual or catalog for
 part eligibility information.

[Amdt. 45-8, 37 FR 10660, May 26, 1972, as
 amended by Amdt. 45-14, 47 FR 13315, Mar.
 29, 1982]

**Subpart C—Nationality and
Registration Marks****§ 45.21 General.**

(a) Except as provided in § 45.22, no
 person may operate a U.S.-registered
 aircraft unless that aircraft displays
 nationality and registration marks in
 accordance with the requirements of
 this section and §§ 45.23 through
 45.33.

(b) Unless otherwise authorized by
 the Administrator, no person may
 place on any aircraft a design, mark,
 or symbol that modifies or confuses
 the nationality and registration marks.

(c) Aircraft nationality and registra-
 tion marks must—

(1) Except as provided in paragraph
 (d) of this section, be painted on the
 aircraft or affixed by any other means
 insuring a similar degree of perma-
 nence;

(2) Have no ornamentation;

(3) Contrast in color with the back-
 ground; and

(4) Be legible.

(d) The aircraft nationality and regis-
 tration marks may be affixed to an
 aircraft with readily removable mate-
 rial if—

(1) It is intended for immediate de-
 livery to a foreign purchaser;

(2) It is bearing a temporary regis-
 tration number; or

(3) It is marked temporarily to meet
 the requirements of § 45.22(c)(1).

[Doc. No. 8003, Amdt. 45-5, 33 FR 450, Jan
 12, 1968]

**§ 45.22 Exhibition, antique, and other air-
craft: Special rules.**

(a) When display of aircraft nation-
 ality and registration marks in accord-
 ance with §§ 45.21 and 45.23 through
 45.33 would be inconsistent with exhi-
 bition of that aircraft, a U.S.-regis-
 tered aircraft may be operated with-
 out displaying those marks anywhere
 on the aircraft if:

(1) It is operated for the purpose of
 exhibition, including a motion picture
 or television production, or an air-
 show;

(2) Except for practice and test
 flights necessary for exhibition pur-
 poses, it is operated only at the loca-

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tion of the exhibition, between the exhibition locations, and between those locations and the base of operations of the aircraft; and

(3) For each flight in the United States:

(i) It is operated with the prior approval of the General Aviation District Office, in the case of a flight within the designated airport control zone of the takeoff airport, or within 5 miles of that airport if it has no designated control zone; or

(ii) It is operated under a flight plan filed under § 91.83 of this chapter describing the marks it displays, in the case of any other flight.

(b) A small U.S.-registered aircraft built at least 30 years ago or a U.S.-registered aircraft for which an experimental certificate has been issued under § 21.191(d) or 21.191(g) for operation as an exhibition aircraft or as an amateur-built aircraft and which has the same external configuration as an aircraft built at least 30 years ago may be operated without displaying marks in accordance with §§ 45.21 and 45.23 through 45.33 if:

(1) It displays in accordance with § 45.21(c) marks at least 2 inches high on each side of the fuselage or vertical tail surface consisting of the Roman capital letter "N" followed by:

(i) The U.S. registration number of the aircraft; or

(ii) The symbol appropriate to the airworthiness certificate of the aircraft ("C", standard; "R", restricted; "L", limited; or "X", experimental) followed by the U.S. registration number of the aircraft; and

(2) It displays no other mark that begins with the letter "N" anywhere on the aircraft, unless it is the same mark that is displayed under paragraph (b)(1) of this section.

(c) No person may operate an aircraft under paragraph (a) or (b) of this section—

(1) In an ADIZ or DEWIZ described in Part 99 of this chapter unless it temporarily bears marks in accordance with §§ 45.21 and 45.23 through 45.33;

(2) In a foreign country unless that country consents to that operation; or

(3) In any operation conducted under Part 121, 127, 133, 135, or 137 of this chapter.

(d) If, due to the configuration of an aircraft, it is impossible for a person to mark it in accordance with §§ 45.21 and 45.23 through 45.33, he may apply to the Administrator for a different marking procedure.

(Doc. No. 8093, Amdt. 45-5, 33 FR 450, Jan. 12, 1968, as amended by Amdt. 45-13, 46 FR 48603, Oct. 1, 1981)

§ 45.23 Display of marks; general.

(a) Each operator of an aircraft shall display on that aircraft marks consisting of the Roman capital letter "N" (denoting United States registration) followed by the registration number of the aircraft. Each suffix letter used in the marks displayed must also be a Roman capital letter.

(b) When marks that include only the Roman capital letter "N" and the registration number are displayed on limited or restricted category aircraft or experimental or provisionally certificated aircraft, the operator shall also display on that aircraft near each entrance to the cabin or cockpit, in letters not less than 2 inches nor more than 8 inches in height, the words "limited," "restricted," "experimental," or "provisional airworthiness," as the case may be.

(Doc. No. 8093, Amdt. 45-5, 33 FR 450, Jan. 12, 1968, as amended by Amdt. 45-9, 42 FR 41102, Aug. 15, 1977)

§ 45.25 Location of marks on fixed-wing aircraft.

(a) The operator of a fixed-wing aircraft shall display the required marks on either the vertical tail surfaces or the sides of the fuselage, except as provided in § 45.29(f).

(b) The marks required by paragraph (a) of this section shall be displayed as follows:

(1) If displayed on the vertical tail surfaces, horizontally on both surfaces, horizontally on both surfaces of a single vertical tail or on the outer surfaces of a multivertical tail. However, on aircraft on which marks at least 3 inches high may be displayed in accordance with § 45.29(b)(1), the marks may be displayed vertically on the vertical tail surfaces.

(2) If displayed on the fuselage surfaces, horizontally on both sides of the

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due to the configuration of an aircraft it is impossible for a person to be in accordance with §§ 45.21 through 45.33, he may apply to the Administrator for a different procedure.

8093, Amdt. 45-5, 33 FR 450, Jan. 15, 1964, as amended by Amdt. 45-13, 40 FR 15, 1975

Display of marks; general.

Each operator of an aircraft shall display on that aircraft marks consisting of the Roman capital letter "N" (National United States registration) and the registration number of the aircraft. Each suffix letter used in the marks displayed must also be a Roman capital letter.

When marks that include only the Roman capital letter "N" and the registration number are displayed on restricted category aircraft, experimental or provisionally certificated aircraft, the operator shall also display on that aircraft near each entrance to the cabin or cockpit, in letters less than 2 inches nor more than 2 inches in height, the words "restricted," "experimental," "provisional airworthiness," as may be.

8093, Amdt. 45-5, 33 FR 450, Jan. 15, 1964, as amended by Amdt. 45-9, 42 FR 15, 1977

Location of marks on fixed-wing aircraft.

Each operator of a fixed-wing aircraft shall display the required marks on the vertical tail surfaces or on the fuselage, except as provided in § 45.29(f).

The marks required by paragraph (f) of this section shall be displayed as follows:

(1) *Vertical tail.* The marks shall be displayed on the vertical tail surface horizontally on both surfaces or vertically on both surfaces of the vertical tail or on the outer surface of a multivertical tail. However, on rotorcraft on which marks at least 12 inches high may be displayed in accordance with § 45.29(b)(1), the marks shall be displayed vertically on the vertical surfaces.

(2) *Fuselage.* The marks shall be displayed on the fuselage surface horizontally on both sides of the

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fuselage between the trailing edge of the wing and the leading edge of the horizontal stabilizer. However, if engine pods or other appurtenances are located in this area and are an integral part of the fuselage side surfaces, the operator may place the marks on those pods or appurtenances.

(Amdt. 45-9, 42 FR 41102, Aug. 15, 1977)

§ 45.27 Location of marks; nonfixed-wing aircraft.

(a) *Rotorcraft.* Each operator of a rotorcraft shall display on that rotorcraft horizontally on both surfaces of the cabin, fuselage, boom, or tail the marks required by § 45.23.

(b) *Airships.* Each operator of an airship shall display on that airship the marks required by § 45.23, horizontally on—

(1) The upper surface of the right horizontal stabilizer and on the under surface of the left horizontal stabilizer with the top of the marks toward the leading edge of each stabilizer; and

(2) Each side of the bottom half of the vertical stabilizer.

(c) *Spherical balloons.* Each operator of a spherical balloon shall display the marks required by § 45.23 in two places diametrically opposite and near the maximum horizontal circumference of that balloon.

(d) *Nonspherical balloons.* Each operator of a nonspherical balloon shall display the marks required by § 45.23 on each side of the balloon near its maximum cross section and immediately above either the rigging band or the points of attachment of the basket or cabin suspension cables.

(Docket No. 2047, 29 FR 3223, Mar. 11, 1964, as amended by Amdt. 45-15, 48 FR 11392, Mar. 17, 1983)

§ 45.29 Size of marks.

(a) Except as provided in paragraph (f) of this section, each operator of an aircraft shall display marks on the aircraft meeting the size requirements of this section.

(b) *Height.* The character marks must be of equal height and on—

(1) Fixed-wing aircraft, must be at least 12 inches high, except that:

(i) An aircraft displaying marks at least 2 inches high before November 1, 1981 and an aircraft manufactured after November 2, 1981, but before January 1, 1983, may display those marks until the aircraft is repainted or the marks are repainted, restored, or changed;

(ii) Marks at least 3 inches high may be displayed on a glider;

(iii) Marks at least 3 inches high may be displayed on an aircraft for which an experimental certificate has been issued under § 21.191(d) or 21.191(g) for operating as an exhibition aircraft or as an amateur-built aircraft when the maximum cruising speed of the aircraft does not exceed 180 knots CAS; and

(iv) Marks may be displayed on an exhibition, antique, or other aircraft in accordance with § 45.22.

(2) *Airships, spherical balloons, and nonspherical balloons,* must be at least 3 inches high; and

(3) *Rotorcraft,* must be at least 12 inches high, except that rotorcraft displaying before April 18, 1983, marks required by § 45.29(b)(3) in effect on April 17, 1983, and rotorcraft manufactured on or after April 18, 1983, but before December 31, 1983, may display those marks until the aircraft is repainted or the marks are repainted, restored, or changed.

(c) *Width.* Characters must be two-thirds as wide as they are high, except the number "1", which must be one-sixth as wide as it is high, and the letters "M" and "W" which may be as wide as they are high.

(d) *Thickness.* Characters must be formed by solid lines one-sixth as thick as the character is high.

(e) *Spacing.* The space between each character may not be less than one-fourth of the character width.

(f) If either one of the surfaces authorized for displaying required marks under § 45.25 is large enough for display of marks meeting the size requirements of this section and the other is not, full-size marks shall be placed on the larger surface. If neither surface is large enough for full-size marks, marks as large as practicable shall be displayed on the larger of the two surfaces. If any surface authorized to be marked by § 45.27 is not large