

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672  
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So let us now return to the question, "Where do we go from here?" There are five areas which appear to be key to the agricultural-development process in Alaska and which can be incorporated into the state's management plans. These are: land title, farm development, loan-fund participation, development of new lands, and support for broadly based agriculture. Each of these will be considered in turn:

1. Land Title: There have been many discussions, both in and out of the media, over the meaning of the agricultural-rights-only title. Many factors are a part of this issue, and the arguments pertaining to it can become very emotional. The only thing that I am certain of is that, if the agricultural-rights-only title or some other title that does exactly the same thing is not continued in Alaska, commercial farming in the Matanuska-Susitna area will then very nearly cease to exist in the not-too-distant future.

I favor the agricultural-rights-only title now in use because it states clearly that, by law, land use is limited to agriculture. Even more to the point, such law is not administrative (regulation developed by bureaucracy), but legislative, and can only be changed by the legislature (unless it is found to be unconstitutional). Law enacted by legislation appears more permanent.

In other parts of Alaska, particularly Delta Junction and Nenana, agricultural-rights-only legislation is less important because there are few competing uses for the land. However, an agricultural-rights-only title indicates that agriculture is seen as an important land use in Alaska.

2. Farm Development. This may sound somewhat strange, but I believe the human element has, to some degree, been overlooked in the agricultural plans for Alaska. In the desire to "get modern farming established in Alaska," certain assumptions were made about how rapidly farmers could develop

raw land into highly productive farms. In retrospect, maybe too much was expected of them. It appears to have taken longer for certain lands to reach the productivity levels that we suggested in the various preliminary feasibility analyses.

Good farming takes much experience and judgement, and these are gained most effectively by "on-the-job-training." In some cases, as a farmer gains this experience, he also gains a high debt load. Many project farmers have recently been asking for some help in the form of moratoriums on land or land-clearing payments. These moratoriums do not remove the debt load, though they may lengthen the repayment period; however, full repayment is still required. A moratorium permits repayment to be postponed until farm price increases for crops currently under production or until crops with higher value, such as rapeseed, are tried. Thus, moratoriums give the farmer more time to farm and to learn how to do it successfully in Alaska. Another type of state help suggested recently is production credits. The major difference with production credits is that they can be used to reduce debt load and/or reduce amount of repayment on state loans. While this is more beneficial to the farmer, it is more expensive for the state. This type of policy has been used as a means of enhancing agriculture in Alaska (example, grain incentive program of the late 1960's). Presently, no such programs are available to farmers.

3. Loan-Fund Participation. There seems to be a continuing controversy about the Alaska Agricultural Revolving Loan Fund (ARLF) and its subsidized interest rate. Several things about this loan activity are evident.

There is no direct cost to the state because fund moneys come from direct appropriation, not from bonding as is the case with some of the other state loan programs. The interest rate is now approximately that paid by most money-market funds, 8 per cent, so the opportunity cost of state funds would

seem to be fairly low. A major concern about the loan fund is security of its principal or, stated another way, its number of bad loans. Agricultural loans in the country as a whole, as well as in Alaska, have higher delinquency rates than normal because of low market prices. I personally believe that this is a short-term problem. The state government must show some patience while weak market conditions improve, and the processing sector in Alaska becomes better established.

I also believe that the state legislature should encourage participation by non-ARLF lending groups. Established loan limits will do this as long as non-state lending groups will provide loan funds to agriculture. One such group, the Alaska Commercial Fisheries and Agricultural Bank (CFAB), might even be encouraged through a resolution passed by the legislature, as it was initiated with state funds. The Federal government can also become involved through its Farmers Home Administration. The legislature should make sure the regulations used in the administration of ARLF do not prevent joint participation by CFAB and FHA.

4. Development of New Lands: It may appear that, in times of apparent crisis in farming, support of further development of new land would seem "wrong headed." I propose this idea because at least one processing industry, that for milk, would benefit from more production than will be available from the Point MacKenzie Agricultural Project in southcentral Alaska. Therefore, I recommend that more agricultural land be transferred to private farmers in the Matanuska-Susitna area for dairy production. In a recent study, of which I was a coauthor, we showed that increased local milk production would make Alaska-produced milk very competitive with milk shipped into the state. Local milk has the potential to become the price leader in the Anchorage market if sufficient volume facilitates optimum, cost-effective processing and marketing.

A second area under consideration for land development is in the Nenana area. I believe that a measured development scenario would lead to viable agricultural production in the 1990s. Development could begin with construction of the transportation corridor. I am convinced that grain produced in Nenana will someday be shipped down the railroad to southcentral livestock producers and to export markets.

5. Support for Broadly Based Agriculture. I believe that a strong case can be made for a broadly based agriculture. We have recently learned just how large the greenhouse industry is in Alaska. In total sales, it nearly equals sales for all other segments of Alaskan agriculture. Other groups, such as fur farmers and even tree farmers, are also important to the agriculture milieu.

In trying to promote and assist Alaskan agriculture, these groups should not be discouraged from participating in the several government programs for agriculture. Such agriculture groups tend to support stronger social and economic bases of the society. However, these should be considered as business propositions and evaluated as such. In these times of reduced state revenue, commercial agriculture, be it fur farming, grain farming, or dairy farming, should take precedence over "hobby" farming, in terms of state support.

I have tried to give you some insight into ways to move agriculture along in Alaska. As you are aware, I have not put quantitative values on these suggestions. There has not been enough time to do so within the context of this legislative session. I do believe that well-thought-out plans, based at least in part on these ideas, would be cost effective. Most important, agriculture in Alaska should benefit significantly from a progressive program, proposed by the legislature, to aid this fledging industry.

TESTIMONY BY

James V. Drew

Before the Senate Committee on Resources

Juneau, Alaska

March 13, 1985

My name is James V. Drew. I live at 4725 Villanova Drive, Fairbanks, Alaska. I have been associated with agricultural development in Alaska during the last ten years as Director of the Agricultural and Forestry Experiment Station, University of Alaska-Fairbanks. I very much appreciate the opportunity to testify today before the Senate Committee on Resources during hearings on agricultural legislation.

My testimony rests on the premise that expanded agricultural development in Alaska is in the best, long-term interest of Alaskans. Sound development of an agricultural industry can provide cost-effective farm production and diversify Alaska's almost total economic dependence on petroleum prices. I believe that a number of bills under consideration this year are important in strengthening and expanding Alaska's agriculture.

I also recognize that current economic conditions in the agricultural industry nationally create a difficult environment for advocates of agricultural development in Alaska. During recent weeks the news media have carried stories about farm foreclosures across the U.S. These foreclosures reflect a U.S. farm credit crisis resulting from declining farmland prices, high interest rates, and low prices for agricultural commodities.

Why, in view of these difficult times for American farmers, should we continue agricultural development in Alaska? Three reasons are important.

1. Alaska has approximately three millions acres of potential agricultural land in state ownership near the existing road and rail belt. This land could be transferred from state to private ownership for farm development and long-term productivity. Top farmers in the Delta and Point MacKenzie areas and elsewhere in the state have demonstrated that crop and livestock products of high quality can be produced in Alaska when good management is used.
2. Agricultural development, in concert with other resource development including timber production and mining, can provide the economic productivity necessary to support and improve transportation on Alaska's existing road and rail system. It can create a desirable settlement pattern for adjacent land, particularly where other resource developments are unlikely. In the more remote areas of western Alaska, an expanded reindeer industry can provide economic productivity from the tundra rangeland. Unlike petroleum extraction, agricultural development will not provide massive amounts of revenue to state government; it will provide opportunities and jobs for people.

3. Additional sales of potential agricultural land will permit Alaska's agriculture to expand beyond the stage of an infant industry. As the volume of agricultural production increases, the costs of producing, processing, and marketing agricultural products will become competitive with those in other agricultural regions. Thus, subsidies necessary for the existing, infant, agricultural industry can be reduced and eventually eliminated.

It is unlikely that today's economic conditions in U.S. agriculture will persist in the long-term, although some restructuring of the industry will undoubtedly occur. Unfortunately, current economic conditions in the U.S. timber and mining industries are also substantially below previous levels. In the long run, however, the development of Alaska's agricultural industry will provide economic and social benefits, particularly in areas of the state where opportunities for the development of other resources are limited.

With these benefits in mind, and with 200 years of agricultural history in Alaska, why does the state not have a mature agricultural industry today? Why is it that annual cash receipts from farming total \$14.3 billion in California, \$6.7 billion in Minnesota, \$2.7 billion in North Dakota, but only \$16 million in Alaska, only half as much as Rhode Island's \$32 million.

A major reason is that virtually all of the potential agricultural land in Alaska was held by the state or federal government during the time agricultural development was occurring in other states. Unlike other resource industries, crop production agriculture cannot develop effectively in the U.S. on land owned by government. Because of limited acreage in private ownership, Alaska's farmers could not take advantage of economies of scale associated with farming elsewhere. In addition, Alaska's economic infrastructure, including the transportation system, did not facilitate supplying farms with needed materials or marketing agricultural products. Thus, the cost of producing and marketing agricultural products was high.

Now that agriculture is fully developed in California, Minnesota, and North Dakota, Alaskans who are not farmers tend to forget that hundreds of millions of dollars were spent by government in developing irrigation projects to make California's agriculture cost-effective. They forget that government spent hundreds of millions of dollars to provide inexpensive barge transportation on the Missouri and Mississippi Rivers to make agriculture in Minnesota and North Dakota cost-effective.

In short, agriculture did not develop unassisted elsewhere in the U.S. In all states, it took investments from government as well as the private sector. But these investments created new wealth from land resources that would not have been productive otherwise.

Several bills introduced in the Alaska State Legislature this year will assist in the development of a productive and cost-effective agricultural industry in Alaska.

SB 40 and SB 154

The concept of production credits outlined in SB 40 and SB 154 will provide incentives necessary for Alaska's agricultural industry during its current stage of development. Production credits are a means of reducing the debt load of farmers who purchased land from the state of Alaska in 1978 to 1982 when the farmland prices in the U.S. were higher than at any other time in the nation's history. These high prices tended to inflate the price of undeveloped agricultural land sold by the state. A system of production credits to reduce the farmer's debt load is a mechanism that government can use to increase farm production and enhance the economic viability of new farming enterprises in Alaska.

SB 41

Equally important in assisting Alaska farmers to succeed in difficult times for farmers nationally is SB 41, a bill to extend the moratorium on payments from 5 to 10 years. This will help farmers through the period of land clearing and farm development when productivity is low, and enhance the opportunity for successful farm development in the long-term.

SB 120

SB 120 is needed to authorize an increase in the capitalization of the agricultural revolving loan fund, to assist in the establishment of commodity marketing associations, and to

increase the number of members on the board of the agricultural revolving loan fund.

Land Title

Successful development of a long-term agricultural industry in Alaska requires that farmland remain available for crop production and not be shifted to other, irreversible uses. However, if the mechanism that accomplishes this prevents the use of the land as collateral in obtaining agricultural development or operating loans from private financial institutions, then successful agricultural production is unlikely to occur even though the land is protected for agricultural use. I strongly urge administrative or legislative measures, developed in concert with the private financial community, that will enable Alaskan farmers to retain land for agricultural use, but also permit them to have the same opportunities to obtain credit that are available to farmers in other states.

SB 57

SB 57 is designed to enhance the marketing of agricultural products produced in Alaska. It would provide a clause in all state bids to require the use of agricultural products originating in Alaska if these products are competitively priced and of like quality when compared to agricultural products originating outside the state.

SB 110 and SB 155

SB 110 to increase the amounts of agricultural loans available from the state of Alaska to any one borrower, and SB 155 relating to the splitting and combining of agricultural

parcels will provide flexibility for developing economically viable farm enterprises in Alaska. Farming has long been a capital intensive industry. The amounts of loans from private financial sources to U.S. farmers are based on the abilities of the farmers to repay the loans, and not on arbitrarily imposed limits. Loan limits may create failure in the very situation the loan was designed to assist by not providing sufficient capital to permit an economically successful farm enterprise. In the best case, there should be no loan limits; instead the amount of the loan should be granted on the basis of a thorough and professional examination of the proposed farming enterprise. Nevertheless, increasing the loan limits as provided by SB 110 will permit the loan fund to service modern agricultural development in Alaska more effectively.

SB 155 will permit the splitting or combining of agricultural parcels sold as part of an agricultural development project to assist in the development of economically sound, full-time and part-time farming enterprises. Farms of a certain minimum size, depending on the farming enterprise, are necessary to support successful, full-time farming businesses. Smaller farms may be satisfactory for part-time farms where other income is available off the farm.

There is a tendency in urban Alaska to perceive that agricultural development may take place successfully with only part-time farms. The argument is that off-farm employment can be used to subsidize the development of the farm. Two thoughts must be kept in mind. First, the part-time farmer requires employment

off the farm. Thus, the development of part-time farms is dependent on the successful development of other sectors of the economy near the farms to provide jobs for part-time farmers. Second, successful part-time and full-time farms require a well-developed, efficient infrastructure for supplying farm inputs and marketing farm outputs. The volume of purchases and production from full-time farms is necessary to support this essential infrastructure.

Financial differences between full-time and part-time farms are illustrated by national statistics. In 1981, U.S. farms that sold \$100,000 or more in farm products accounted for 68.4 percent of cash farm receipts and earned \$19.9 billion. At the other end of the spectrum, farms that sold less than \$20,000 each in products collectively accounted for 6.5 percent of cash farm receipts and lost \$1.6 billion on farming. Nevertheless, these small farms had family incomes above the U.S. average because their farming losses were offset by \$29 billion in nonfarm income.

SB 39

SB 39 will provide an appropriation for the roads and bridges necessary to develop the agricultural, mineral, and recreational resources in the Nenana-Totchaket area of interior Alaska. Expanding agricultural production in this area will increase the volume of agricultural commodities produced in Alaska. As in any other industry, increased volume will reduce the cost of agricultural production and marketing and increase the competitiveness of

Alaska's agricultural commodities. Moreover, expanding Alaska's grain and livestock production in the proposed Nenana-Totchaket project will insure against vagaries of weather or plant diseases that could reduce yields in existing agricultural areas. Reduced grain yields, in turn, could jeopardize livestock producers who need a reliable source of grain and processors of animal products who need a reliable source of animals. Consequently, it is desirable to produce grain and livestock in more than one area of Alaska. The Nenana-Totchaket will provide this option. Access roads and bridges provided by SB 39 are essential for the successful development of farmland in this area.

#### Agricultural Research and Education

Progress in agricultural development supported by the Alaska State Legislature during the last ten years includes the development of new lands for farming, the construction of essential access roads and electrical power to farms, and the construction of processing facilities for agricultural commodities. Modern commercial agriculture, however, is a high technology industry. Its ability to compete depends on the continuing development and application of new technologies for crop improvement, weed and disease control, livestock health and nutrition, fertilizer efficiency, and improvements for processing and marketing agricultural commodities.

All successful agricultural industries in the world have government-supported research and teaching programs to develop new technologies. These programs are supported by government because individual farmers, unlike large industries, cannot amass

sufficient capital individually to conduct essential research. In the U.S., agricultural research is done by the system of state agricultural experiment stations in land-grant universities.

Crop varieties used in Alaska were either developed by or tested by scientists at the Alaska Agricultural and Forestry Experiment Station which is administered by the University of Alaska-Fairbanks (UAF). Essentially all management practices for crops and livestock in Alaska that are recommended by the cooperative extension service or state agencies were developed by the experiment station.

Now, however, demands for improved crop varieties, fertilizer recommendations, disease and insect control, animal health, and farm management systems for new agricultural land exceed the resources and facilities of the experiment station. In recognition of UAF's role as a land-grant university to support research and teaching for agricultural development in Alaska, UAF included an increment package in its FY 86 budget request to support research and education for Alaska's agricultural development plan. I strongly recommend the increment package. Adequate research and education are essential for the development of a cost-effective agricultural industry. Lack of an effective program now will fail to provide competitive technologies for Alaska's farmers three to five years in the future.

#### Summary

The importance of agricultural development in Alaska was highlighted for me in a program presented last week in Fairbanks

by Dr. Theodore Malloch, an international economist with the U.S. Department of State. While discussing international trade, Dr. Malloch informed us about increases in exports from service and information industries in the U.S., and about our imports of resources and manufactured goods from overseas.

During the question period, I asked Dr. Malloch's advice and recommendation for economic development in Alaska as related to possible international trade. He responded that Alaska must diversify its economic base and that our only alternative for increased trade is to develop our basic resources of mining, agriculture, timber, and fisheries.

Agriculture has an important role in Alaska's future, particularly in areas where potential agricultural soils occur and other major resources are limited. In these areas, the development of cost-effective agriculture can provide economic opportunities for Alaskans, enhance communities, provide employment, and place relatively extensive areas of state-owned land in private ownership. It can help meet the policy established in Article III, Section I of Alaska's Constitution, "... to encourage the settlement of (Alaska's) land and the development of its resources by making them available for maximum use consistent with the public interest."

SJR

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FEB 11 1987

# NORTHERN AIR CARGO

February 6, 1987

Senator Arliss Sturgelewski  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

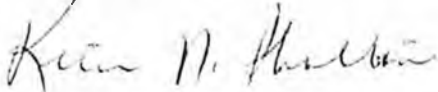
I would like to personally thank you and your staff for the time you spent with Lon Brugman, "Jorgie" Jorgensen and me during our recent visit to Juneau.

As we discussed, House Joint Resolution No. 11 is not a resolution without significant consequences. This resolution promotes noncompetitiveness in the market and could result in the elimination of a needed service to some 20 Bush communities.

Since we have returned to Anchorage, there have been some further considerations on the strategies of slowing this resolution. I would appreciate your input as we pursue our endeavors. Perhaps I can talk with you next week.

Again, thank you for your time.

Sincerely,



Rita N. Sholton  
President

RNS/kkk

*We were most pleased to have been  
introduced at the Senate - THANKS  
RS.*

Rita Shelton

Talk to Mitch

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## Bypass mail delivers Bush-bound cargoes

A MODERN PONY EXPRESS, AIR carriers deliver mail to Alaska's roadless areas. In all of the Lower 48, the U.S. Postal Service has 440 air stop points. Alaska's postal service network includes 249, with only 54 locations accessed solely by surface transportation.

Particularly since the proliferation of bypass mail, the service's winged steeds have carried shipments no single four-legged beast of burden could have hauled. Routing cargo by mail has grown in popularity as residents of and businesses serving rural Alaskan markets have discovered the benefits of an inexpensive shipping system that is widely acknowledged as improving standards of living.

The philosophy of postal service has been that every person is entitled to service regardless of cost. A few years ago, Sen. Ted Stevens and the postmaster general visited Little Diomedé, a small island situated close to the Soviet Union. Upon learning that the island's mail service only provided for delivery five months a year—when fixed-wing aircraft could land on ice—they decided the residents deserved better.

According to Charles Ryder, field director of operations support in the Anchorage division of the Postal Service, the once-a-week, five-month service by airplane cost \$17,000 in 1983. Subsequently using a helicopter to provide year-round service a minimum of two times weekly has raised the cost to \$161,000.

So reliable is Bush mail service that the Alaska Commercial Co. consigns fresh milk and even ice cream for delivery to its statewide network of stores. Says Linda Smith, director of traffic and distribution, "Customers—especially those in villages such as Emmonak on the west coast—benefit from lower costs of distribution when we're able to use the mail for delivery."

Although the Postal Service can't be held liable if food items spoil in transit, air carriers provide cold storage. Logically, it might seem carriers should charge a premium for such a service. But truth be told, they know a good deal when they see one.

Mail rates may be lower than those for general air cargo, but the lower cost of handling coupled with consistent volume and the absence of investment in sales and customer service increases the payloads' value. Mail is a primary source of revenue for Alaskan air carriers, account-

ing for as much as 60 percent of cargo volume.

Bypass mail is designed to reduce handling of large volumes of fourth-class mail, minimum 1,000 pounds, and literally bypasses post offices. Shipments are checked by a Postal Service agent when delivered to the air carrier that has been allocated the load. Although parcel post is limited to 70 pounds and 108 inches in length and girth, the system permits shippers to combine several units on a pallet.

A common cargo destined for the Bush is pallets of soda pop. Each unit is 65 pounds, consisting of 72 cans or three cases. The entire pallet weighs 1,950 pounds. Fourth-class postage from Anchorage to Point Hope is \$5.33 per 65-pound unit, or \$159.90 for the entire pallet—a shipper cost of about 7 cents per can.

With more people taking advantage of these large, low-cost mail shipments, the Postal Service reports the cost of handling Alaskan mail has increased. "We're seeing significantly less revenue within the last two years," says Ryder.

In fiscal year 1986, which ended Sept. 30, the Postal Service handled 147 million pounds of mail in intra-Alaska service at a cost of \$59.4 million in carrier payments. 1985 mail cargo by air totaled 140.4 million pounds, costing \$56 million, and 1984 volume was 127.7 million pounds at \$50.4 million.

Contributing to increased use of mail is the improved service Ryder attributes to a change in interline transfer. Formerly, cargo was consigned by the Postal Service to a mainline carrier—such as Wien—that was responsible for the eventual delivery to Bush locations using subcontractors.

Following a 1982 experiment called the Bethel Interline Transfer Study, the Postal Service decided to take responsibility for setting up the transfer system itself. The revised system eliminates middlemen, with the Postal Service paying each carrier for the tonnage it handles. One result, Ryder says, has been expansion by Bush carriers that now are responsible for their own business and can plan operations more efficiently.

Another is improved customer satisfaction, due largely to faster deliveries and reduced damage. In the former subcontractor system, village-bound mail often was unloaded and stored in warehouses

until the carrier found room for the cargo. Spoilage and damaged shipments occurred more frequently.

Today the Postal Service employs four mainline carriers—Alaska Airlines, MarkAir, Northern Air Cargo and Reeve Aleutian Airways—and 30 Bush carriers. The Alaskan postal air network utilizes 20 hub points, serving 194 Bush points.

Allocations are made by place and frequency of service offered. Last year, Neil Bergt, chairman of MarkAir, and other MarkAir officials led a group of passenger airlines in a lobbying campaign to alter the allocation system. Their proposal would delegate more mail to passenger airlines, largely at the expense of Northern Air Cargo. Stevens has supported the change, arguing that the state's passenger system will suffer reduced service and higher rates if new routes by the all-cargo carrier reduce the mail revenue of its competitors.

Says Ryder, "Sen. Stevens makes a good case for air carriers and essential air service points, but what has been proposed could only be accomplished at much higher cost to the Postal Service."

The problem with increasing allocations to passenger carriers is additional ton-miles added by their use of hub and interline flights. Notes Ryder, a pallet of mail for which consumer postage is \$159.90 to ship from Anchorage to Point Hope costs the Postal Service \$2,027 or \$805, depending on whether a direct flight or an interline or hub stop is used by the carrier contracted for the service.

The mainline movement to Kotzebue costs \$690 and the remaining leg to Point Hope \$1,337. For the alternative—a direct flight from Anchorage to Point Hope—the Postal Service pays only \$805. Put in other terms, each can that costs about 7 cents postage to ship costs the Postal Service 94 cents to ship via the passenger route or 37 cents via the direct cargo flight Northern Air Cargo offers once a week.

"It's good business to take the shorter route," says Ryder. Additionally, the off-loading in Kotzebue, transfer to a warehouse and rehandling to load again increase the potential for loss and damage.

Concludes Ryder, "The Postal Service by regulation must use the most economical, best service available. Our business responsibility is to cargo, not passengers."

# ALASKA'S CARGO CARRIERS

*Caught in the Crunch of Declining Revenues*

BY JUDITH FUERST

**P**OINTS OUT one air carrier executive, "Planes make no money on the ground, only in the air." The same holds true for parked trucks and delivery vans, docked tugs and barges and sidetracked railroad cars. To fly the planes, dispatch the trucks and vans, sail the tugs and barges and roll the railroad, payload is required. But as fewer dollars circulate in the Alaskan economy, payloads have decreased, reducing cargo carriers' earnings.

More reductions are expected in the year ahead. Haunted by the apparition of idle fleets, carriers are preparing for a year of shakeout, declining income and vigilant cost control. Although shippers can expect lower rates due to intense carrier competition for declining traffic, deterioration of the multi-carrier intrastate network also could result in fewer shipping options.

Trucking is the transportation segment suffering most from too much capacity. "There's no hope for economic stability until availability shrinks with the rest of the economy," says Robert Strong, president of Alaska-West Express. Not until the end of 1985 did it become apparent just how much competition there was. He adds, "Competition is relative. There had been a lot more traffic."

Mammoth of Alaska, a 12-year-old carrier and primary hauling firm for Totem Ocean Trailer Express, has seen volume shrink more than 25 percent in the last year. According to Richard Whitbeck, vice president and general manager, the firm used 34 long-haul drivers four years ago. By the end of 1986, it was using three.

He says a mass exodus of owner-operators in the fall of '86 probably reduced available equipment by 40 percent. Nonetheless, "lots of owner operators remain. The market is just not as disproportionately oversaturated," he adds.

Frontier Transportation Co., a subsidiary of Frontier Cos. of Alaska, was running 40 trucks at the start of 1986. By fall, 14 were operating out of Fairbanks and four out of Anchorage. Significantly, the firm's business has been 90 percent oil-related.

Says Paul Wilson, Anchorage terminal manager for Frontier, "It's never good to put all your eggs in one basket. But when times were good we were too busy and didn't heed projections. Now we're looking to mix our freight." The firm has landed a grocery haul from Anchorage to Prudhoe, but overall expects a slow year in '87.

Bulk carrier Alaska-West also is kicking its oil-industry dependence to soften the impact of declining volumes. Strong reports the company has extended its shipping lanes into the Lower 48 and has opened a new operation in Whitehorse.

Its parent company, Lynden Inc., saw earnings decline 58 percent from the 12-month period ending Sept. 30, 1985, to the same period ending Sept. 30, 1986. The firm blames the slowdown in the Alaskan economy. Particularly, overcapacity in the trucking industry has put severe pressure on rates and caused a decline in profit margins.

Another subsidiary, Lynden Transport, is one of the state's largest trucking firms and specializes in consolidating loads. Says David Neely, president, the firm has higher fixed costs than most carriers. "Being large is both an asset and a liability. It permits greater control of movement, and the quality of service is easier to maintain. But our operation is totally dependent on terminals."

He notes the carrier has cut substantial excess out of the system through early retirement and equipment sales. Yet it is buying more van-type equipment to accommodate the smaller ship-

ments that characterize a declining market.

John Snead, president of Air Land Transport, says, "When deciding what to pull down and what to keep up, we're looking for that magic ratio that gives us enough backup equipment. We need all combinations." The firm, which specializes in unloading Lower 48 vans and sorting goods for local cartage and air freight distribution, also reduced personnel 30 percent last year due to reduced traffic.

"Defining your scope of operations is important," says independent trucker Sam Little of Sam Little Trucking.





1987 David Predeger

"Transportation doesn't work without it. You need a sense of direction or you're lost."

Since 1979, Little has built his niche hauling groceries on lanes difficult to serve—such as Anchorage to Cordova and Tok. Although his company's growth will be stymied by declining volume, he expects to survive by watching his costs and holding onto his present routes. Little believes he'll profit someday by enduring the hard times: "A record of unbroken service can only help my credibility as a carrier."

Complicating volume decline is the increasing importance of price as a cri-

teria for carrier selection. In the early '80s, shippers didn't pay as much attention to pricing. Then, oil companies and construction firms had "the attitude they wanted to support a cadre of effective carriers," says Alaska-West's Strong. "Not so today; now everything is bottom-line oriented."

Therein lies the real hazard for the industry. Shippers shopping for price force carriers to hold costs to a minimum. Because rates affect ability to meet maintenance, insurance and labor expenses, the temptation to operate without proper attention to these safety essentials increases.

Noting that prices tend to increase the number of marginal operators, Mammoth's Whitbeck believes reregulation of Alaska's trucking industry may result. In particular, he expects deterioration of services and shipper problems with liability to create demand for enforcement of safety and insurance standards. Although the Alaska Legislature established statutes requiring truckers to carry liability insurance, it didn't fund an enforcement program.

Says Strong, "I suspect there are a lot of carriers running around without liability insurance. We would welcome

*Mammoth's Whitbeck: "It's difficult to operate a transportation business in Alaska today, particularly after 10 years of prosperity and growth."*

good common sense regulation in the safety aspect that would cause all of us to compete on an equal basis."

The larger, highly visible carriers such as Alaska-West are subjected to safety audits. It's the smaller carriers that give the industry a black eye, he adds.

Like other carriers, Alaska-West has been hit by rising insurance rates. Coverage for 1986 was 300 percent higher than 1985's "for 75 percent less coverage," says Strong. "With the economy as it is, we can't charge compensable rates for services performed."

With competition so fierce, the larger trucking firms say they still hope to win shippers based on service records. Says Whitbeck, "We hope to have established a reputation of reliability, outstanding service and being pragmatic about costs and rates. When we sit down to talk business, we expect the shipper to realize we are genuine."

Adds independent Little, "When rates get cut too low, the first thing that gives is service. Shippers will realize there's only so much blue sky out there. If rates fall too far, carriers aren't going to be able to handle the business."

Railroading in Alaska has little competition in moving bulk product, because of economy over distance. But even so, payloads declined so severely in 1986 that the Alaska Railroad Corp. reduced profit projections from \$10 million to \$1.5 million during the course of 1986.

Also contributing to the dismal earnings picture were a chemical contamination accident at Crown Point, two major derailments and the October flood. November projections showed a decline of \$10-13 million in revenue from 1985.

The fact that major cuts in expenses have been necessary to avoid year-end red ink puts the railroad in a dilemma

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***'If rates fall too far, carriers aren't going to be able to handle the business.'***

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similar to that of truckers in which maintenance gets deferred. "The railroad still needs about half a billion to bring its lines up to rail safety standards," claims Mammoth's Whitbeck.

The maintenance deficiency was inherited by the state when it purchased the carrier from the federal government. A 1984 study estimated more than \$460 million in capital expenses would be required to bring the railroad up to standard over five years.

Predicts Whitbeck, one outcome of the freight shortage will be "some return to normalcy of the railroad, which has been running at substandard freight rates." Truckers have objected to competition from the state-owned railroad, particularly in the Alaska Railroad's pricing of its trailer-on-flatcar, or piggyback, service.

The all-piggyback rail service introduced by the railroad in May 1985 as the Arctic Fox was cancelled in early fall when the corporation chose to again combine truck trailers with other cargoes. Although truck trailer volume was considered sufficient to justify the service, shipments of sand and gravel, pipe, oil and construction materials had fallen off so severely that mixed trainloads were considered an economic necessity. The outlook for these cargoes is not expected to improve in 1987.

Barge operators also are planning conservatively for the year ahead. Fewer construction projects mean reduced traffic, especially charter services.

Although Lynden Inc. earnings declined, its Alaska Marine Lines, which delivers cargo in Southeast, had a strong year and helped compensate for declining trucking revenues. Alaska Marine Lines grew substantially in the fall of 1985 with the acquisition of Foss Alaska Line and Pacific Western Lines. The Lynden subsidiary faced tough

competition from other intrastate barge lines in Southeast, however, with the better part of its revenues collected from movements that originated in Seattle.

Foss Maritime continues to deliver petroleum products for Tesoro Alaska Petroleum Co., Union Oil and Chevron USA, but ceased common carrier service into Alaska in May 1985. It also contracts to deliver intrastate project cargoes, usually construction materials.

Steve Peterson, Anchorage general manager of Crowley Maritime Corp., says the company's Western Alaska service should be less dramatically affected than some metropolitan areas more dependent on oil-related activities. He argues residents still will require substantial tonnage in consumer goods. "Also, because many industries are on the upswing—particularly zinc and gold mining—the Western Alaska transportation curve tends to go opposite those of Fairbanks and Anchorage."

According to Linda Smith, director of traffic and distribution for Alaska Commercial Co., however, economic uncertainty makes barge shipments less attractive to the Bush retail merchandising firm. Goods shipped by barge for July arrival must be bought in March and shipped in June, tying up capital. More likely, Alaska Commercial will develop other means of shipping to help keep inventories down.

Smith reports that only 1 million tons were shipped by barge last year, down from a norm of 3 million tons. The primary reason for the change was an increase in barge rates. Also, air service to Western Alaska increased, reducing fares enough to steal barge traffic.

Air carriers face some of their stiffest competition in Western Alaska. The competition of Northern Air Cargo,

Alaska Airlines and MarkAir for cargo to Bethel, Nome and Kotzebue has lowered rates. According to Ed Rogers, director of cargo sales for MarkAir, movements to Kotzebue probably are the cheapest ever offered.

Dennis Gladwin, director of cargo sales for Northern Air Cargo, claims rates have held constant for the past three years. The carrier has added 30 percent more destinations in the last two years, increasing tonnage by 30 percent. It is researching other markets for entry if expansion becomes necessary to maintain the carrier's volume position.

Mail is 60 percent of Northern's scheduled cargo service, with 40 percent moving as general air cargo at almost three times the mail rate. Reeve Aleutian Airways also delivers a 60/40 mix of mail and other cargo. Says Dick Reeve, the carrier's president, "Mail volume is one of the biggest drivers of intrastate Alaskan air cargo volumes."

He expects reduced volumes overall in the coming years, aggravated by "substantial overcapacity in the airline industry in Alaska." Although scheduled air cargo service was off only 5 percent in 1986, he indicates that figure probably will increase. Also, charter business is "zip in the present-day economy," says Reeve. "With the collapse of the oil markets, those planes are underutilized."

**F**OR MARKAIR, which breaks cargo revenues down as 35 percent mail, 35 percent air freight and 30 percent charter, the decrease in charter traffic could have serious consequences. Noting intrastate Alaskan charter revenue has fallen by about 25 percent, Rogers says, "We'll have to make up lost revenue in Lower 48 and international movements."

The carrier's charter segment operates three L100 Hercules all-cargo freighters. Rogers estimates each rig move produced \$1 million in revenue for the carrier. This year, one Herc will remain in Detroit due to the shortage of charter payloads in the state.

New markets added by MarkAir in 1986 are credited with covering tonnage losses in other parts of the system and maintaining cargo volume. No growth is expected in 1987, but the carrier does hope to employ its Hercs in supplying the Red Dog zinc mine.

Using interline agents, Alaska Airlines serves 54 points from Anchorage, providing single airway bill convenience for shippers. According to Todd Wallace, Alaska manager of cargo marketing and contract services, the carrier also has lost charter tonnage and revenues. "In the present climate, freight does not exceed the scheduled lift available," he says.

As air cargo volumes drop still lower,

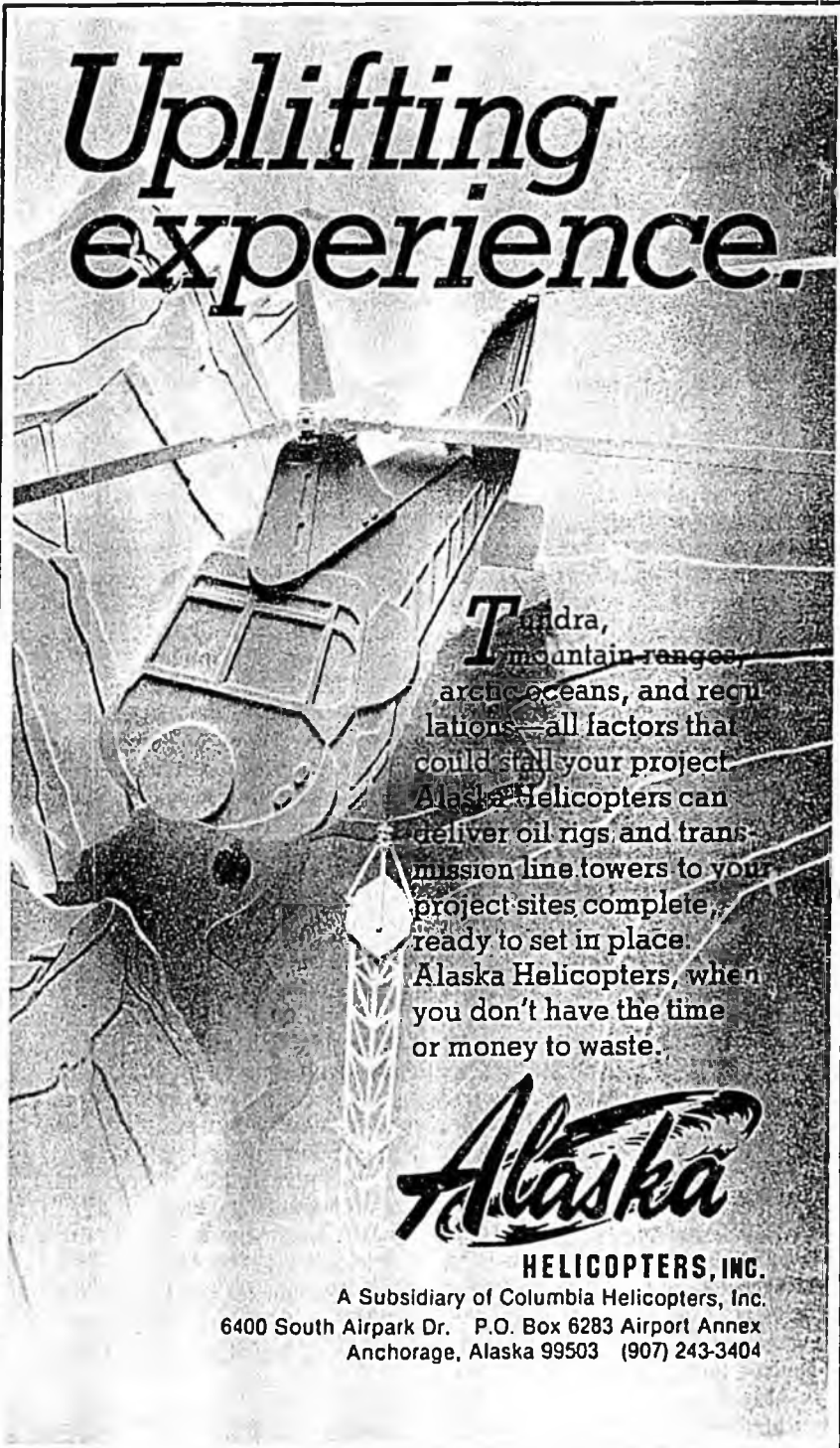
smaller commuter airlines are more likely to engage in price cutting wars and suffer shakeouts than the four large Alaskan carriers. Notes Alaska Commercial's Smith, "Air fares have stayed the same, except in isolated markets with a great deal of competition."

Alaska Commercial ships 80 percent of its goods by air. Last year between 10 and 12 million pounds of bypass mail left Anchorage for the company's Bush operations. Another 1.5 million pounds traveled as air freight — hazardous materials, furniture, appliances, motorized vehicles and other items the firm could not ship by mail.

Smith worries about the stability of smaller air carriers in the current market. But one thing competition has done is improve service, she notes. "That's a benefit I've noticed over the past year. Goods are arriving faster and in better condition. Carriers are paying more attention to handling the product."

She admits that shippers today are tempted to overemphasize price at the expense of service. Says Air Land's Sneed, "Shipper loyalty for good service in the past definitely is getting smaller. But carriers know exactly where they're coming from; carriers, too, must cut costs because of declining revenues." □

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Anchorage, Alaska 99503 (907) 243-3404

Frank

1. City of Barrow Resolution No. 86-26 dated 12/4/86.
2. Barrow Chamber of Commerce Resolution No. 86-01 dated 12/1/86.
3. John C. Sackett, Alaska State Senator, letter dated 11/18/86.
4. Alaska Federation of Natives Resolution No. 86-43.
5. Alaska Air Carriers Association memorandum dated 11/7/86.
6. Bering Straits Regional Strategy letter dated 10/15/86.
7. Letter to Honorable Senator Ted Stevens dated 10/7/86.
8. George N. Ahmaogak, Sr., Mayor North Slope Borough, letter dated 10/3/86.
9. City of Dillingham Resolution No. 86-61 dated October 2, 1986.
10. Dillingham Chamber of Commerce Resolution 86-002 (Amended) dated September 23, 1986.
11. City of Unalaska Resolution No. 86-35 dated 6/12/86.
12. Senate Resolution No. 11am dated 5/6/86.
13. Reeve Aleutian Airways, Inc. letter dated 6/9/86.
14. Peninsula Airways, Inc. letter dated 6/2/86.
15. Arctic Circle Air letter dated 5/30/86.
16. Wright Air Service, Inc. letter dated 5/27/86.
17. Letter to Honorable Ted Stevens dated 5/21/86.
18. Armstrong Air Service, Inc. letter to the Honorable Ted Stevens.
19. Newspaper article regarding bush mail
20. Alaska Journal of Commerce article dated 5/5/86.

# CITY OF BARROW

"farthest north incorporated city"

BOX 629

BARROW, ALASKA 99728

PHONE (907) 852-5211

## RESOLUTION NO. 86-26

A RESOLUTION OF THE COUNCIL OF THE CITY OF BARROW, ALASKA,  
CONCERNING TRANSPORTATION OF MAIL IN THE BARROW AREA.

WHEREAS, the City Council realizes that the methods and regulations affecting the distribution of mail to remote communities in the Barrow area may have a significant effect on the economy and community of Barrow in that mail service and vital air transportation are often inseparable, and

WHEREAS, the mail distribution methods affect the level, availability and cost of essential passenger service into and from the City of Barrow, and

WHEREAS, continuation of the existing regulations may severely impact essential transportation services, now

THEREFORE, BE IT RESOLVED that:

Section 1. The City Council requests that the following factors be considered in conjunction with any postal system serving the Barrow area:

- a. That carriers serving the bush villages should do so on a regular basis;
- b. Mail volumes should be equitably distributed so as to ensure continuation of vital air services in the Barrow areas;
- c. Carriers should not be permitted to circumvent mail regulations in such a manner as to reduce essential passenger service.

Section 2. That the City Council believes it is essential that the above concerns be made known to the U.S. Postal Service and those responsible for overseeing its operation.

Section 3. The City Council wishes to be notified and afforded a reasonable opportunity to be heard and participate in any proposed changes in order that the public concerns expressed above can be brought to the attention of the Postal Service and those responsible for its operation.

Resolution 86-26  
Page Two

INTRODUCED: December 4, 1986

ADOPTED: December 4, 1986

Nath Olemann  
Mayor Nathaniel Olemann, Jr.  
City of Barrow

ATTEST:

Karen Bussell  
City Clerk

## RESOLUTION NO. 86-01

## A RESOLUTION OF THE BARROW CHAMBER OF COMMERCE CONCERNING TRANSPORTATION OF MAIL AND PASSENGERS INTO AND OUT OF THE BARROW HUB.

WHEREAS, the Barrow Chamber of Commerce realizes that the transportation of mail into Barrow and out of Barrow has a significant effect on the cost of transportation of passengers and will also effect the economy in the community of Barrow and the surrounding areas and mail service and vital transportation of passengers are often inseparable, and

WHEREAS, the mail distribution methods affect the level, availability and cost of essential passenger service into and from the Barrow Hub, and

WHEREAS, continuation of the existing regulation may severely impact essential transportation services in all of rural Alaska, Now,  
THEREFORE, BE IT RESOLVED that:

Section 1. The Barrow Chamber of Commerce requests that the following factors be considered in conjunction with any postal system serving the Barrow Hub:

- a. The carriers serving the bush villages should do so on a regular scheduled basis;
- b. Mail volumes should be equitably distributed so as to ensure continuation of vital air services in the Barrow areas;
- c. Carriers should not be permitted to circumvent mail regulations in such a manner as to reduce essential passenger service;
- d. The larger all cargo mainline carriers should not be permitted to over-fly the "Hub" carrying only mail.

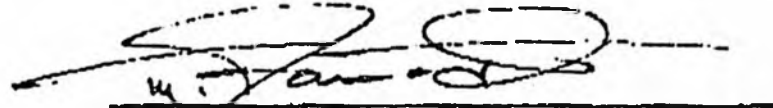
Section 2. That the Barrow Chamber of Commerce believes it is essential that the above concerns be made known to the U.S. Postal Service and those responsible for overseeing its operation.

Section 3. The Barrow Chamber of Commerce wishes to be notified and afforded a reasonable opportunity to be heard and participate in any proposed changes in order that the public concerns expressed above can be brought to the attention of the Postal Service and those responsible for its operation.

Resolution 86-01  
Page Two

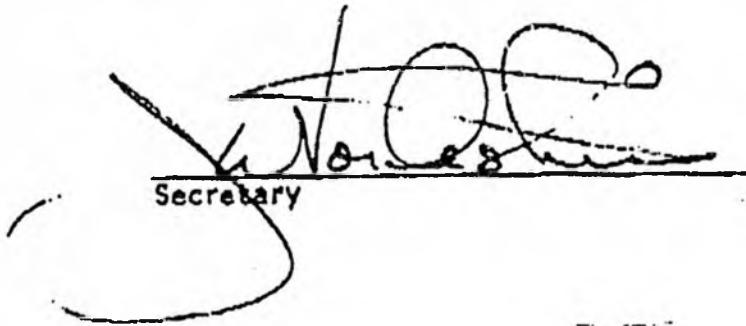
1  
INTRODUCED: December 1 1986

ADOPTED: December 1 1986



President Mike Amott  
Barrow Chamber of Commerce

ATTEST:



Secretary

# Alaska State Legislature

SENATOR

**John C. Sackett**

CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

MEMBER  
LABOR & COMMERCE COMMITTEE  
BUDGET & AUDIT COMMITTEE  
SENATE ADVISORY COUNCIL  
COMMITTEE ON COMMITTEES



**Senate**

HOME ADDRESS  
P. O. BOX 11  
RUBY, ALASKA 99768

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
TELEPHONE 465-3753

ANCHORAGE  
TELEPHONE 272-3404

November 18, 1986

To the AFN Board Members:

This is to let you know that I fully support the passage of AFN Resolution No. 86-43, relating to Transportation of Mail to Alaskan Mainline and Bush Communities, introduced by Clare Charlie, Representative of MarkAir, Inc. I have also spoken with Senator Frank Ferguson, Representatives Al Adams, Adelheid Herrmann and Kay Wallis and they have also pledged their support.

I would like to take this opportunity to urge the AFN Board to pass this resolution as it would result in economic savings for all rural passengers and will maintain reliable and consistent frequency of flights to and from rural communities.

Kind regards,

A handwritten signature in cursive script that reads "John C. Sackett".

John C. Sackett  
Alaska State Senator

ALASKA FEDERATION OF NATIVES, INC.  
1986 ANNUAL CONVENTION

RESOLUTION NO. 86- 43

TITLE: IN SUPPORT OF SENATE RESOLUTION NO. 11

WHEREAS, The Alaska Federation of Natives realizes that methods of distributing U.S.P.S. mail to airlines does have a significant effect on vital air transportation; and

WHEREAS, mail distribution methods affect the cost and frequency of essential passenger air service throughout the State of Alaska, and

WHEREAS, the continuation of present mail regulations may severely impact essential air transportation services;

NOW THEREFORE BE IT RESOLVED by the delegates to the 1986 Annual Convention of the Alaska Federation of Natives, Inc., that AFN does hereby support Senate Resolution No 11am in the Legislature of the State of Alaska Fourteenth Legislature-Second Session relating to transportation of mail to Alaska mainline and bush communities.

RESOLUTIONS COMMITTEE RECOMMENDATION: Refer to Legislative Committee of the AFN Board

CONVENTION ACTION: Refer to Legislative Committee of the AFN Board

FULL BOARD ACTION: DO PASS





## BOARD OF DIRECTORS

Bob Jacobson, Wings of Alaska  
 Bob Engelbrecht, Temaco Helicopters, Inc.  
 John Hajdukovich, Frontier Flying Service  
 Steve Wilbur, Wilbur's Inc.  
 Wilfred Ryan Jr., Ryan Air  
 Dotty Hurd, Evergreen Helicopters  
 Michael Searson, Ketchikan Air Service  
 Ron Peck, Alaska Airlines  
 Lynn MacDonald, Sunshine Copters  
 Grant Thompson, Cape Smythe Air Service  
 Hank Ruess, Ruess's Flying Service  
 Mark Farbanks, Baker Aviation  
 Thomas M. Hawkins III, Hageland Aviation Service, Inc.  
 Cynthia R. Andrichcek, Executive Director

## ASSOCIATE BOARD

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 Frank Hugin, McDonnell Douglas Helicopter Co.  
 Jerry Dennis, Rollins, Burdick & Hunter of Alaska  
 Hank Myers, Myers & Company

## MEMORANDUM

DATE: NOVEMBER 7, 1986

TO: AACA SPECIAL SUBCOMMITTEE ON MAIL DISTRIBUTION METHODS

FROM: CINDY ANDRECHECK, EXECUTIVE DIRECTOR

The following is the motion made by Subcommittee member Bob Ensminger, MarkAir, and seconded by Grant Thompson, Cape Smythe Air, at the meeting on November 7, 1986.

I move that the AACA Subcommittee on Mail Distribution Methods recommend to the Board of Directors of the AACA to support the contents of the letter to Senator Stevens dated May 21, 1986, including Appendix A, pages 1 & 2, and Appendix B, providing specific recommendations to resolve the mail distribution issue in Alaska.

Chair called for a roll call vote:

	<u>YES</u>	<u>NO</u>
Bob Ensminger, MarkAir	X	
Wilfred Ryan, Ryan Air		X
John Hajdukovich, Frontier	X	
Marvin Van Horn, Alaska	X	
Grant Thompson, Cape Smythe	X	
Don Brugman, Northern Air		X

Copies of the full letter are enclosed for your information.

# Bering Straits Regional Strategy

October 15, 1986

Dear Reviewer:

Enclosed is the cover page, summary page, table of contents, introduction and relevant sections of one or more components of the draft Bering Straits Regional Plan. At this time three draft volumes have been completed:

Volume 2	Community Development Strategy
Volume 4	Economic Strategy
Volume 7	Sociocultural Strategy

The Bering Straits Regional Plan, the region's first comprehensive plan, is the result of numerous community and regional meetings, involving the input and labor of literally hundreds of individuals. It is intended as a forum for the discussion of ideas, goals, and techniques of achieving a more integrated and secure economic and social environment and is far from being completed.

Each volume in the plan is a separate debate document and serves as a forum or template for initiating the discussion of alternatives. Each is an open document. This is not a plan written in concrete. On the contrary, the only way to make this plan truly responsive to the region's concerns is for residents to negotiate among themselves for what they want in the future. This volume simply gives you and others helping tools for making those decisions.

We hope to hold a conference in Nome the first week in December, at which time residents from throughout the region can debate the ideas suggested in this plan and redraft them accordingly.

We were unable to print more full copies for distribution due to insufficient funds. Most of these naturally were distributed to residents of the region for their discussion and approval. To help alleviate this problem, we have enclosed a list of those who have received 1 or more volumes.

We would especially appreciate your correction of any mistakes, both in terms of fact and proposed actions. If you could send your comments to me by December 1, I would appreciate it. Also, I look forward to talking with you at any time. My number is 443-2899

Sincerely,

*Ellen C. Greenberg*  
Ellen C. Greenberg  
Director/Regional Planner

4th - 5th

Population forecasts of the Bering Strait region indicate that even under the most expansive development scenarios, the region will not reach much more than 10,000 people by the year 2000. Even allowing for accelerated mineral or petroleum development, the region's population will never stabilize much beyond that, although, under a development scenario, rates would undoubtedly decrease at least during the development stage.

The fact is that the population of the region will, at least in the lifetime of those living now, never reach a point whereby economies of scale will be reached, at least for the major airlines bringing in cargo, mail and passengers from outside the region.

Under the circumstances, therefore, rates must either be subsidized or reduced in other ways. The following two actions assume that the only ways to reduce cost is through subsidies or other cost-saving measures within the region.

- Support aviation mail subsidies which assure adequate scheduling and cost of flights for both passengers and freight.

By law, the Postal Service must supply essential air service to rural Alaska, in this case, subsidize Alaskan mail service, because, otherwise, costs would be so high as to potentially eliminate such a communica-

However, there are other ramifications beyond simply cheaper freight and mail.

- o If more mail is carried by cargo planes, whether to regional centers or directly to communities, costs would be lowered for the Postal Service. But, this could reduce the amount of subsidies going to passenger airlines. If airlines are forced to reduce passenger services because of decreased demand, this could jeopardize the ability of local communities to respond to emergencies, as well as the normal transport of people for meetings, medical services, education, and pleasure.
- o On the other hand, if the distribution formula is changed so that more mail is carried by passenger airlines, this could increase the cost to the Postal Service. With measures such as Gramm-Rudman - taking a toll on every other program, there is no reason to suppose that eventually the subsidy - or at least some part of it - will be lost entirely.

~~o~~ Communities should assess the importance of lowered freight costs vis a vis the ability to take full advantage of the aviation system.

Lowered transportation costs is certainly one goal of the Regional Plan. But, so is emergency responsiveness. Communities with less expensive freight charges should make this determination while con-

October 7, 1986

Honorable Senator Ted Stevens  
Senate Office Building  
Washington, D.C. 20510

Dear Senator Stevens:

On February 20, 1986, ten passenger and mail air carriers wrote a letter to your office asking for your intervention as chairman of the Senate Postal Committee to review U.S.P.S. mail distribution methods in the State of Alaska.

On May 21, 1986, representatives of eight carriers met with you in Washington, D.C. to discuss problems with present U.S.P.S. mail distribution methods and their detrimental effect on the Alaskan passenger transportation system.

You requested the affected carriers to address possible resolutions to improve U.S.P.S. mail distribution problems. Attached are letters signed by the Alaskan carriers in May and June of 1986 specifically outlining corrective measures that should be adopted by the U.S.P.S. to resolve the problem.

Also attached are the following:

1. SENATE RESOLUTION NO. 11am IN THE LEGISLATURE OF THE STATE OF ALASKA FOURTEENTH LEGISLATURE - SECOND SESSION which expresses concern about the passenger transportation system in Alaska.
2. City Council Resolutions from Dillingham and Dutch Harbor asking for public meetings on U.S.P.S. mail procedures in Alaska.
3. Resolution initiated and approved by the Dillingham Chamber of Commerce asking for relief from present mail systems.
4. A letter from the North Slope Borough expressing concern about U.S.P.S. mail procedures that do not require safe handling of perishable foods destined for the residents of the North Slope Borough.

continued

We the undersigned carriers are requesting to know what actions you propose to take in order to make the U.S.P.S. responsible for a mail distribution system that recognizes its effect on the passenger transportation system into remote areas of Alaska and protects that passenger system from discriminatory mail distribution methods that currently favor all-cargo aircraft.

*William D. H.*  
ALASKA AIRLINES

*Charles L. Johnson No*  
ARCTIC CIRCLE AIR

*Neil C. Armstrong*  
ARMSTRONG AIR SERVICE, INC.

*Pat O'Leary*  
AULI AIR

*M.A. Redington*  
BARROW AIR INC.

*James D. Ross*  
BERING AIR, INC.

*Grant Thompson*  
CAPE SMYTHE AIR SERVICE, INC.

\_\_\_\_\_  
ERA HELICOPTERS, INC.

\_\_\_\_\_  
FORTY MILE AIR LTD.

*JP Godfrey*  
MONOKOTAK AIRWAYS

*John Heidichheim*  
FRONTIER FLYING SERVICE, INC.

*Harold S. Johnson*  
HAROLD'S AIR SERVICE, INC.

*Herbert H. Johnson*  
HERMENS AIR, INC.

*M. Edward Fry*  
KINGS AIR SERVICE

*Larry Chenaille*  
LARRY'S FLYING SERVICE

*Robert Eminger V.P. Postal Affairs*  
MARKAIR, INC.

\_\_\_\_\_  
PENINSULA AIRWAYS, INC.

*D. J. Jensen*  
REEVE AIRWAYS, INC.

*Kathy Meyer*  
TANANA AIR SERVICE

*Bob Bunsiel*  
WRIGHT AIR SERVICE, INC. m

RE:avn  
(0188T-47/48)

Attachments

# NORTH SLOPE BOROUGH

OFFICE OF THE MAYOR

P.O. Box 69  
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor



October 3, 1986

Mr. Robert J. Opinsky  
District Manager/Postmaster  
United States Postal Service  
3201 C Street, Suite 500  
Anchorage, Alaska 99503-3967

Dear Mr. Opinsky:

I am writing you in regards to my support of SENATE RESOLUTION NO. 11 am IN THE LEGISLATURE OF THE STATE OF ALASKA FOURTEENTH LEGISLATURE - SECOND SESSION relating to transportation of mail to Alaska mainline and bush communities.

I have many concerns regarding the present U.S.P.S. mail trends and their impact on the passenger and cargo service to the residents of the North Slope Borough. MarkAir Airlines, our local carrier, has flight frequencies, prices, and routings which are highly dependent on the revenues generated through the mail service. In restricting MarkAir's ability to carry its fair percentage (based on flight frequency) of the mail, you also inadvertently jeopardize the quality of service that North Slope residents have come to rightfully expect.

For example, I understand that Polar Alaska Airlines has started carrying mail to our community and that they adhere to USPS guidelines which mandate that freeze or chill items are to be shipped at "shipper's risk". While Polar Alaska has received a good amount of the perishable Bulk mail groceries targeted for local consumption - they have no freezers or coolers in Barrow to insure the necessary quality of these food products. Yet MarkAir has made significant financial investment to guarantee the safe handling of our local perishable food products.

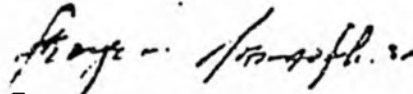
Mr. Robert W. Cassidy

October 3, 1986

Page 2

In closing, I respectfully request that for our region, you adopt a policy for the distribution of mail to airlines which will take into account the frequency and capacity of scheduled service offered by each airline serving a particular mainline or bush community.

Sincerely,



George N. Ahmaogak, Sr.  
Mayor

cc: Senator Ted Stevens  
Senator Frank Murkowski  
~~Robert Ensminger, Markarr~~

CITY OF DILLINGHAM

Dillingham, Alaska

RESOLUTION NO. 86-61

A RESOLUTION OF THE COUNCIL OF THE CITY OF DILLINGHAM, ALASKA,  
CONCERNING TRANSPORTATION OF MAIL IN THE DILLINGHAM AREA.

WHEREAS, the City Council realizes that the methods and regulations affecting the distribution of mail to remote communities in the Dillingham area may have a significant effect on the economy and community of Dillingham in that mail service and vital air transportation are often inseparable, and

WHEREAS, the mail distribution methods affect the level, availability and cost of essential passenger service into and from the City of Dillingham, and

WHEREAS, continuation of the existing regulations may severely impact essential transportation services, now

THEREFORE, BE IT RESOLVED that:

Section 1. The City Council requests that the following factors be considered in conjunction with any postal system serving the Dillingham area:

- a. That overflights of Dillingham as a regional hub for mail distribution may have a substantial adverse impact on the quality and availability of essential passenger and other air service to outlying areas;
- b. That carriers serving the bush villages should do so on a regular basis;
- c. Mail volumes should be equitably distributed so as to ensure continuation of vital air services in the Dillingham area;
- d. Carriers should not be permitted to circumvent mail regulations in such a manner as to reduce essential passenger service.

Section 2. That the City Council believes it is essential that the above concerns be made known to the U.S. Postal Service and those responsible for overseeing its operation.

Dillingham City Council  
Resolution 86-61  
Page two

Section 3. The City Council wishes to be notified and afforded a reasonable opportunity to be heard and participate in any proposed changes in order that the public concerns expressed above can be brought to the attention of the Postal Service and those responsible for its operation.

APPROVED AND ADOPTED this 2 day of Oct, 1986.

SEAL:

Leon C Braswell  
Mayor

ATTEST:

Vivian M Braswell  
City Clerk

DILLINGHAM CHAMBER OF COMMERCE  
P.O. BOX 339  
DILLINGHAM, ALASKA

RESOLUTION 86-002  
(Amended)

WHEREAS: The Dillingham Chamber of Commerce realizes that the issue of mail distribution will significantly affect the businesses of the City of Dillingham; and


WHEREAS: The community of Dillingham recognizes that mail distribution methods affect the levels of passenger service and the economy of Dillingham; and

WHEREAS: The Dillingham Chamber of Commerce strongly recommends the importance of immediate action by the Postal Department;

NOW THEREFORE BE IT RESOLVED that the Dillingham Chamber of Commerce supports a revision of mail distribution methods and adopts the following mail distribution revisions:

1. Prohibit the overflying of regional hubs. Such regional hubs are: Nome, Kotzebue, Aniak, St. Mary's, McGrath, Unalakleet, Barrow, Ft. Yukon, Galena, Dillingham, and King Salmon;
2. At competitively serviced villages, an eligible carrier must serve the busy village on a scheduled basis at least three (3) times per week from the regional hub;
3. Mail volumes tendered on the bush sectors among eligible carriers shall be divided equally over a U.S. Postal period among those carriers operating scheduled service to the bush village from the regional hub;
4. The Postal Service shall impose meaningful penalties on carriers deviating from their published schedules; and
5. All mainline sector nonpriority mail be allocated among eligible carriers on the basis of scheduled weekly frequencies and capacity divided by the number of stops.

Passed by a majority vote of the Dillingham Chamber of Commerce, in concept, September 23, 1986, in Dillingham, Alaska.

  
\_\_\_\_\_  
Mark Hansen, President  
Dillingham Chamber of Commerce

CITY OF UNALASKA  
UNALASKA, ALASKA

RESOLUTION 86-35

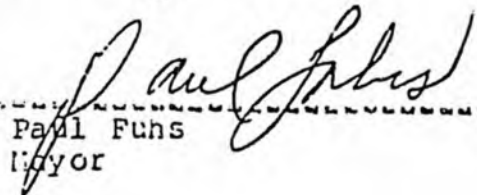
A RESOLUTION REGARDING MAIL DISTRIBUTION

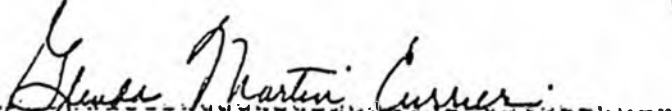
WHEREAS: the Unalaska City Council realizes that the issue of mail distribution in rural Alaska is extremely complex because the conditions around the state vary widely; and

WHEREAS: the delivery of mail in a timely fashion is of great importance to the community of Unalaska.

NOW THEREFORE BE IT RESOLVED THAT the Unalaska City Council supports public hearings in Alaska on the mail distribution system and that public participation be encouraged.

PASSED AND APPROVED THIS 12<sup>th</sup> DAY OF June, 1986 BY THE  
UNALASKA CITY COUNCIL, UNALASKA, ALASKA.

  
Paul Fuhs  
Mayor

  
Glendia Martin Currier  
City Clerk

Introduced By Nathann H.K. Gargo

Failed to pass on

CITY OF UNALASKA  
UNALASKA, ALASKA

6/12/86

RESOLUTION 86-35

A RESOLUTION REGARDING BYPASS MAIL

WHEREAS: the Unalaska City Council realizes that the issue of bypass mail in rural Alaska is extremely complex because the conditions around the state vary widely; and

WHEREAS: the delivery of mail in a timely fashion is of great importance to the community of Unalaska; and

WHEREAS: the level of mail service to the community at the present time is satisfactory.

NOW THEREFORE BE IT RESOLVED THAT the Unalaska City Council wishes to make it known that the present U.S. Postal Service policy which provides this community with satisfactory service is acceptable.

PASSED AND APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1986 BY THE UNALASKA CITY COUNCIL, UNALASKA, ALASKA.

\_\_\_\_\_  
Paul Fuhs  
Mayor

\_\_\_\_\_  
Glenda Martin Currier  
City Clerk

Introduced: 5/6/86  
Referred: Rules

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE  
2 SENATE RESOLUTION NO. 11 am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to transportation of mail to  
6 Alaska mainline and bush communities.

7 BE IT RESOLVED BY THE SENATE:

8 WHEREAS both the mainline and bush communities in the state must be  
9 assured of reliable, year-round scheduled passenger air service at reason-  
10 able rates in order to meet the transportation needs of their residents and  
11 visitors; and

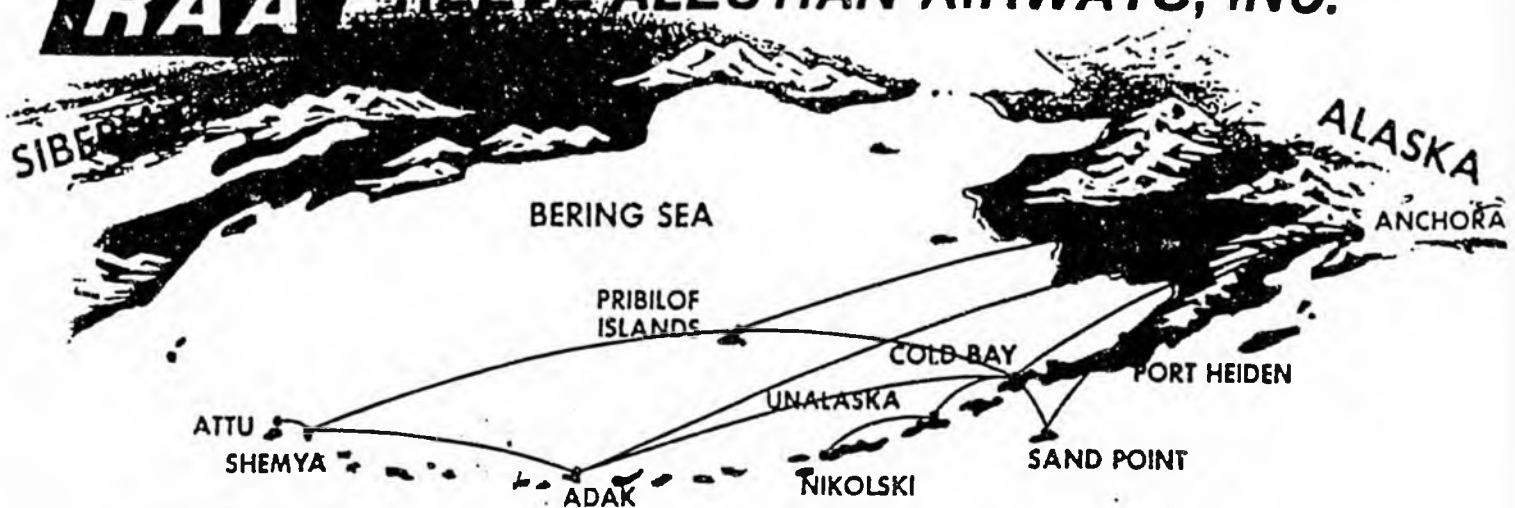
12 WHEREAS the provision of scheduled passenger air service in the state  
13 is uniquely affected by climatic conditions, pronounced seasonal traffic,  
14 and high operating costs; and

15 WHEREAS revenue from the carriage of mail to Alaska mainline and bush  
16 communities makes a vital contribution to the ability of the scheduled  
17 passenger airlines to sustain adequate, year-round scheduled operations;  
18 and

19 WHEREAS it is critical to the preservation and development of sched-  
20 uled passenger air service in the state that the opportunity for the car-  
21 riage of mail to mainline and bush communities be made available by the  
22 U.S. Postal Service on a fair and equitable basis, recognizing both the  
23 level and quality of scheduled service being offered to each affected  
24 community; and

25 WHEREAS it is critical to the residents in the bush communities to  
26 have the mail and goods delivered in a timely manner, this must be a basis  
27 for consideration;

28 BE IT RESOLVED that the Senate respectfully requests the U.S. Postal  
29 Service adopt a policy for the distribution of mail to airlines that serve

**RAA****REEVE ALEUTIAN AIRWAYS, INC.**

June 9, 1986

Honorable Paul Fuhs  
Mayor  
City of Unalaska  
Unalaska, AK

Dear Mayor Fuhs:

Reeve Aleutian Airways respectfully requests that the City Council set aside consideration of Resolution 86-35 entitled A RESOLUTION REGARDING BYPASS MAIL.

Reeve Aleutian Airways desires that Alaskan Air Carriers, the U.S. Postal Service, the U.S. Dept. of Transportation and representatives of Congress collectively address the issue of air transportation as a whole as the issues affect all of Alaska in all areas ie. passenger service, mail and freight.

The issue is, that policies of the U.S. Post Office must adjust and be sensitive to other agencies, policies and economic influences so that scheduled air service is available to all on a frequent and reasonably priced basis. By in large, Reeve Aleutian Airways endorses a policy favoring frequency of service.

I would be pleased to meet with you and the city council to discuss the issue before you. I know that representatives of Mark Air would also appreciate the opportunity to be heard. Enclosed you will find other materials which will lend a different perspective to the issue at hand.

Sincerely,

David A. Jensen  
Administrative Vice President

DAJ/bcm

# Peninsula Airways, Inc.

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

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

June 2, 1986

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

Dear Senator Stevens:

Regarding the Postal Service mail distribution policy for Alaskan air carriers.

I have always been an avid proponent of the basic philosophy that the long term best interest of the traveling public is served by maintaining a healthy, profitable air carrier system. So if they have to pay a little more in fares and if there are less competing, fuller carriers operating the public benefits in the long run because those carriers will be able to provide better, safer, more reliable transportation.

So I was basically opposed to de-regulation. Ironically, my company has prospered under de-regulation while some others have not survived.

But I do sympathize with the mainline passenger carriers, (Alaska, Markair, and Reeve), along the same lines, ie the more profitable they are helps guarantee better passenger service. So I would agree that those carriers should be given a preference in allocation of mail.

It only seems fair that mail be distributed to eligible carriers in a direct ratio to number of flights performed to a given point, with an eligible carrier being one with a minimum of three flights weekly.

So if Alaska Airlines goes to Nome 30 times a week, and Northern Air Cargo 10 times, Alaska would get 75% of the dispatch. If the Postal Service wants morning dispatch, it might all go on the first few flights, but the frequency performance would be the determining factor.

The same formula should apply to the bush carriers. Obviously there would have to be penalties to prevent frivolous schedule filings which are not operated. One way would be to look at the previous months actual performance and use that ratio each month.



# Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

8231 COLLINS WAY  
ANCHORAGE, ALASKA 99502  
TELEPHONE: (907) 243-7701

page 2

Each point, whether bush or mainline, needs to be considered on its own level of service. Any attempt to dictate routing of bush mail through "Regional Hubs" can all too easily be circumvented. For instance the large aircraft service to a bush community would simply file his schedule through the hub. If he did not have the volume to go more than once a week he could sub-contract an air-taxi to fulfill the other two flights.

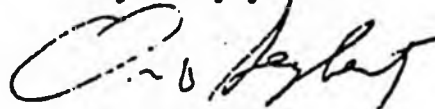
One problem I have is why the Postal Service will hold mail for up to six days to ship on the NAC flight to bush points such as Gambell, Savoonga and St. George.

For instance at St. George Peninsula has an EAS subsidized flight that connects to and from Reeve weekly, at St. Paul. When Northern Air started direct St. George service from Anchorage our mail dispatch went to zero, even though our combination is on a different day of the week.

Most recently, the NAC flight goes on Thursday and our flight is Friday, but it would seem there would be at least a little first class accumulated over 24 hours. At other times there have been two day gaps, but the mail is all held, evidently because of the direct flight, when we could have gotten it there a day or two earlier.

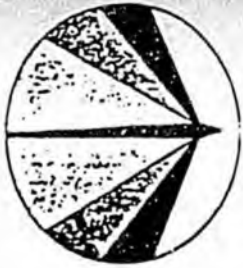
Ted, I do appreciate and share your concern that we maintain a strong, stable air transportation network throughout the state. The distribution and routing of mail is an integral part of helping that system operate.

Very truly yours



Orin D Seybert  
President





# ARCTIC CIRCLE AIR

A Subsidiary of the Conquestair Zee Corporation



P.O. Box 60049  
Fairbanks, Alaska 99706  
Phone (907) 456-1112

May 30, 1986

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

Dear Senator Stevens:

Arctic Circle Air does not have a major problem in signing this letter to you along side of the other Air Carriers who have done so; however Arctic Circle Air does feel very strongly that there is perhaps more stated in the letter by certain Air Carriers in-between the lines of the letter than has been put down in print on the pages. Quite frankly, this sets off definite warning bells in our minds every time we go through the contents of the letter to you. Within the letter to you, there is perhaps even more potential to do harm to certain Alaskan Air Carriers and the Postal system within this State than has or is being done at this time with the awkward and biased system that is in place at this time. What the letter to you represents, in Arctic Circle Air's mind, is a very sharp double edged sword as compared to what is more representative of the system now.....a very unwieldy, heavy club.

Arctic Circle Air strongly agrees with one condition of the letter to you and that is to prohibit the overflying of regional hubs. The hub and spoke system which the majority of the Air Carriers in Alaska use to service the Interior, or for that matter, most of Alaska is very critical to the overall health of the route structure of scheduled Air Service in Alaska and for that matter the health of the economy of Alaska as a whole. If a great portion of the revenues are taken away from this hub and spoke system the system will fall apart which in turn will mean very drastic consequences on transportation in Alaska.

There are some very strong truths concerning scheduled Air Service in Alaska that one will not find elsewhere in the United States. The first being: that for the vast majority of the State, air travel is the only possible way of transportation of any kind. Secondly the cost of operations for an Air Carrier in Alaska is extremely expensive and increases daily due mainly to absolutely insane insurance costs and over inflated prices from vendors. Third, the year round Alaskan resident from a "Bush" Community has a very limited income which is a point that an Air Carrier must take into consideration when structuring airfares. The fourth and final point is that except for two or three major hubs in the Alaskan market, Air Carriers are faced with providing year round service in a market place which is really only profitable on a seasonal basis while the rest of the year a Carrier may find itself at only "break-even" at best.

The four points offered above are only to stress to you why the carriage of the U.S. Mail is so important to the Air Carriers as it offers some stability in an otherwise fickle market, it generally pays well and with

some regularity which helps an Air Carriers with cash flow considerations.

The U.S. Postal Service is a very great boon to the Alaskan Air Carrier, however this is not without penalty and this is what Arctic Circle Air wishes to touch upon at this time.

The U.S. Postal Service, although it employs many excellent and conscientious people who do an outstanding job for the Post Office, is a gigantic and cumbersome bureaucracy which appears to be very multi-leveled. This bureaucracy is extremely difficult to deal with and is very slow moving when it comes to decision and policy making. The Postal Regulations for the distribution of the mail to Air Carriers, although seemingly straightforward, seems to be interpreted differently on each bureaucratic level one is dealing with at the moment.... National, Regional, or Local.

The Air Carriers generally have most contact with the Post Office through their local Post Office dispatch facility and this is where most of the problems of how the dispatch between Air Carriers is made and how the Postal Regulations are interpreted.....often without any rhyme or reason, it would seem.

The Post Office, being such a multi-layered bureaucracy, it is easy to understand the frustration of Postal employees on the local basis being thwarted by the system as well as the Air Carriers. The local Postal employee has the job of making sure that the mail is moved as expeditiously as possible and if it is not moved properly then they themselves are going to take the heat for it. This is where the system breaks down and causes some very serious problems for the Air Carriers.

The one problem which most Air Carriers will talk about freely and generally complain the most about is how the mail is split on a daily basis. The Post Office calls this an equitable split...it is not an equal split. What the Air Carriers wish to know is, "what does equitable mean? and "when does this equibility take place...a week...a month...quarterly...or yearly?" This question is still to be answered properly by the Post Office. The local Post office used to compile mail distribution statistics per mail pay period for each Air Carrier but this apparently caused more problems for the local Post Office than it cured. This was, however, a very useful tool and Arctic Circle Air is in hopes that the Post Office will continue this in the future.

There are several much more serious problems concerning the Post Office and the Air Carriers which again come from the local level. The Post Office plays a very dangerous game with the Air Carriers and this usually comes into play when there happens to be a considerable amount of rather bad weather, usually in the Spring and Fall months, which has canceled or delayed flights into the villages. This means that the mail is not being moved at all on these days or it is not being moved expeditiously; this worries the Post Office and so they tend to start to pit one Air Carrier against another into trying to get an Air carrier to fly to destination even though it is against the FAR's and any consideration of safety of flight. What the local Post Office will do is simply state to one Air Carrier that the mail will no longer be dispatched to it because Air Carrier "B" always seems to go and fly no matter what the weather or we never seem to have these "weather problems" with the other Carriers, only with your Company. These "tactics" are of course used on all the Air Carriers and at times this gets downright nasty. The Air Carriers are put under tremendous pressure to bow to the Post Office's will and eventually someone usually gives in to the pressure and goes at least to take a look see even if it means bending the FAR's a bit.

Another phenomenon which is directly related to Postal Dispatch policies of the mail is the "Early Morning Departure". What has happened and is still going on is the Post Office, locally, tells the Air Carrier that the early flight

"always" receives the majority of the mail to be dispatched to a certain point. Of course what this does is make the Air Carriers want to schedule their morning departures earlier and earlier to accommodate the Post Office and in order to grab the larger piece of the mail dispatch "pie". In effect the Carriers schedules are no longer set up for the convenience of the traveling public, no longer take into considerations connections with other airlines, cause ramp congestion at the airports, and tend to cause considerable ATC delays especially on days where IFR departures and arrivals are needed. Apparently the Air Carriers are setting their schedules as per Post Office needs and requirements rather than for the Public they are serving.

The Post Office also seems to be very keen on the idea of "empire" building. It is no secret that the Post Office Department has its favored Carriers and will do it's best to see that those favored few will succeed. This is perhaps why the Post Office would very much like to go with a contract system for mail dipatch. Of course this is not entirely just to accuse the Post Office of favoritism on this basis alone as there is no question that this would indeed would be much less of an accounting nightmare and also be less expensive to them than the system is at this time. However, there are very definite undertones of favoritism mixed in with these other realities, although they are very hard to pin down with strong evidence. It is very frightening to an Air Carrier to realize that the Post Office dispatcher at the local level has the power to make or break a "Bush" Air Carrier.

The U.S. Postal Service is an old, overencumbered entity which needs a great deal of modifying and streamlining and it is to the credit of the Postal employee in general that the system works as well as it does at this time. Arctic Circle Air does understand and agrees with the principle that the Post Office, no matter how cumbersome the system is now, has a job to do and that is to move the U.S. mail in a secure, expeditious, and yet cost conscious manner. The Post office pays the Air Carriers well to provide this service to them and so it expects and demands a certain quality of service for their money and this is only right; however the Post Office must recognize that although the mail pay is so important to the Air Carrier it is not the reason why the Air Carrier is in business. Air Carriers are in business to serve the public and their needs and although the mail service is also part of the public need the Post Office has no right to set an Air Carrier's schedule, jeopardize safety of a flight or play one Carrier against another. The Postal system needs some reworking and Arctic Circle Air suggests that perhaps some of the following thoughts be taken into consideration.

- 1.) A standardization of Postal Regulations concerning the dispatch of the mail to the Air Carriers and a strict adherence to these regulations by the Post Office, even down to the local level which includes even the smallest "Bush" Post Office.
- 2.) A Postal policy which provides for an equal or equitable tender of the mail from the Post Office to an Air Carrier set up not on the "first flight in the morning" basis but dispatched on the format that it will arrive during the regular working hours of the destination Post Office. This will allow the Air Carriers to set up their schedules more for the convenience of the passenger and allow connecting flights at hub points with other Carriers. This would solve many other problems as well as greatly contributing to the air route structure of the State of Alaska.
- 3.) This third consideration will be considered by many to be extremely controversial especially in light of many Air Carriers demands to increase the mail pay rate to the Air Carriers. Arctic Circle Air feels very strongly that the Mainline rate and the Bush rate should be abolished and that there should be only one rate of mail pay established...which would perhaps similar more to the Mainline rate, perhaps a cent or two more per pound. The consequences of this one act would be startling and a bit harsh on most Air Carriers operating on the Bush rate, Arctic Circle

...operates small aircraft and does receive the Bush rate.  
There is no doubt that passenger fares and freight tariffs would have to be increased somewhat, but they are artificially too low in general now.

Arctic Circle Air believes that this one act would do more for Air Transportation in Alaska as a whole than anything else could. Almost anything else is only a short fix to patch up a problem and this industry does not need anymore patches and neither does the economy of Alaska.

The effect of cutting back the mail rate would stabilize the whole industry, prevent cut-throat tactics by Air Carriers, wean the small Air Carriers away from being subsidized by the Post Office and therefore strengthen the industry as a whole; not to mention the savings for the tax payer and the U.S. Government. Arctic Circle Air sincerely believes that if you would into this one consideration and project it out the benefits far outweigh the short term hardships on the Air Carriers as a whole.

The problems of the Alaskan Air Carriers and the Postal System of mail dispatch in Alaska needs careful consideration and some harsh measures, Arctic Circle Air sincerely hopes that careful consideration to the Air Carrier's Letter and to what Arctic Circle Air has presented herein be given.

Respectfully,

*Joseph C. Cochran D/c*

Joseph C. Cochran  
Director of Operations  
Arctic Circle Air

# Wright Air Service, Inc.

Post Office Box 60142 • Fairbanks, Alaska 99706  
(907) 458-5502

6-2-86

May 27, 1986

Senator Ted Stevens

Dear Senator Stevens:

I believe that any 401 certificated air carrier should be allowed to overfly the regional hubs only if it is providing a frequency of at least 4 times per week and is providing passenger service also.

Sincerely,



Bob Bursiel  
President

BB/cd

May 21, 1986

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

Dear Senator Stevens:

The following undersigned are submitting this letter to the Honorable Ted Stevens to urge that Senator Stevens promptly reevaluate and direct that there be significant revisions in the procedures now used by the U. S. Postal Service in tendering mail at Anchorage destined for regional hubs within the State as well as destined to the outlying bush villages. The situation has deteriorated to the point where revisions have to be made. The undersigned carriers urge that the U. S. Postal Service's Regulations be amended to incorporate those parameters set forth in Appendix A.

The long-term survival of a stable scheduled service passenger, freight and mail network is precisely what is at stake and a number of factors are at work which are threatening the future of Alaska's basic transportation network. The Senator is certainly aware of the critical role our scheduled air transportation system plays in the everyday lives of interior Alaska residents. The bottom line is that those portions of the system which are controlled by governmental entities -- be it the U. S. Postal Service, the U. S. Department of Transportation or some other entity -- must be adjusted to maximize the volume of scheduled service available to carry passengers as well as freight and mail. The continuation of frequent and reasonably priced scheduled service to the bush villages as well as to the regional hubs is being threatened by the present mail distribution policies which must be changed.

In fact, it was less than two years ago that the Senator during the course of the debate on the 1984 CAB Sunset Bill took the necessary steps to see to it that the U. S. Postal Service would be permitted to extend its mail contracting system to the intra-Alaska markets. The rationale for not extending the "one bidder takes all mail contracting system" to the intra-Alaska markets was the recognition that the mail distribution system for those markets must be operated in the manner most likely to assure a stable air transportation network. That need has not changed, but once again the system is not working.

Mail revenue has always been the principal driving force in the intra-Alaska markets because of the relative magnitude of that pool of revenue when compared to freight and passenger revenues. Mail revenues in the intra-Alaska markets in question range anywhere from 40-60 percent of total revenue. When freight revenue is added, it is obvious that passenger revenues represent a relatively small portion of the total revenue pool available to carriers.

This fact pattern has been in existence for years. But a number of external changes have occurred which have created the critical situation we are now facing. These factors are highlighted in the attached Appendix B, and their combined effect has been particularly severe.

It is beyond dispute that the mail distribution policies pursued by the U. S. Postal Service in Anchorage have a critical effect on whether there can continue to be a reliable network of scheduled air transportation in the interior Alaska markets addressing the needs of passengers, shippers and the Postal Service. The current mail distribution policies have in the short term worked to the advantage of only one or two carriers and to the enormous disadvantage of a large number of carriers as well as to various regional hubs. Over the long term, these policies will almost certainly all but destroy the stable air transportation network. A decision not to remedy this serious problem based on short term considerations voiced by a few would be extremely unfortunate. The time is now for a decision that adjustments have to be made to the mail distribution procedures currently followed by the U. S. Postal Service in Anchorage.

Respectfully submitted,

*Dick & John Armstrong*

*Armstrong Air Service Inc. D/g.*

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Respectfully submitted,

Jim A. Pederson

BARROW AIR INC.

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Respectfully submitted,

*Bob Benschel*

*Wright Air Service, Inc.*

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Respectfully submitted,

John Haidichowski  
[Signature]

Frontier Flying Service, Inc  
40-Mile Air LTD

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Respectfully submitted,

Harold's Air Service Inc

Joseph C. Peterson President 5-23/86

Arctic Circle Air Service, Inc

Joseph C. Peterson Director of Operations 5-30-

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Mail revenue has always been the principal driving force in the intra-Alaska markets because of the relative magnitude of that pool of revenue when compared to freight and passenger revenues. Mail revenues in the intra-Alaska markets in question range anywhere from 40-60 percent of total revenue. When freight revenue is added, it is obvious that passenger revenues represent a relatively small portion of the total revenue pool available to carriers.

This fact pattern has been in existence for years. But a number of external changes have occurred which have created the critical situation we are now facing. These factors are highlighted in the attached Appendix B, and their combined effect has been particularly severe.

It is beyond dispute that the mail distribution policies pursued by the U. S. Postal Service in Anchorage have a critical effect on whether there can continue to be a reliable network of scheduled air transportation in the interior Alaska markets addressing the needs of passengers, shippers and the Postal Service. The current mail distribution policies have in the short term worked to the advantage of only one or two carriers and to the enormous disadvantage of a large number of carriers as well as to various regional hubs. Over the long term, these policies will almost certainly all but destroy the stable air transportation network. A decision not to remedy this serious problem based on short term considerations voiced by a few would be extremely unfortunate. The time is now for a decision that adjustments have to be made to the mail distribution procedures currently followed by the U. S. Postal Service in Anchorage.

Respectfully submitted,

HAROLD'S AIR SERVICE INC. [Signature] 5-23-86  
PRESIDENT

TANANA Air Service M U - Hett D/O 5/27/86

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

. APPENDIX A  
(Page 1)

Essential Conditions To Assure the Equitable Allocation  
of Bush Sector Nonpriority Mail

1. Prohibit the overflying of regional hubs. Such regional hubs are: Nome, Kotzebue, Bethel, Aniak, St. Mary's, McGrath, Unalakleet, Barrow, Ft. Yukon, Galena, Dillingham, King Salmon.
  
2. At competitively severed bush villages, an eligible carrier must serve the bush village on a scheduled basis at least three times per week from the regional hub.
  
3. Mail volumes tendered on the bush sectors among eligible carriers shall be divided equally over a U. S. Postal Service pay period among those carriers operating scheduled service to the bush village from the regional hub.

APPENDIX A  
(Page 2)

Essential Conditions To Assure the Equitable Allocation  
of Bush Sector Nonpriority Mail

1. A carrier shall operate a minimum of three weekly flights from Anchorage or Fairbanks to the regional hubs to be eligible for the tender of nonpriority mail at Anchorage or Fairbanks.
  
2. All mainline sector nonpriority mail shall be allocated among eligible carriers on the basis of scheduled weekly frequencies and capacity divided by the number of stops.\*
  
3. The Postal Service shall impose meaningful penalties on carriers deviating from their published schedules.
  
4. The minimum size shipment for by-pass mail shall be reestablished at 4,000 pounds.

---

\* / Alaska Airlines, Inc. and Reeve Aleutian Airways, Inc. would find acceptable a formula based solely on frequency.

## APPENDIX B

### The Principal Reasons Why the Current USPS Mail Distribution Policy is Creating Severe Damage

First, there has been a proliferation of service carrying large volumes of mail to certain bush villages which overflies the regional hubs. That has removed critical mail revenues from Anchorage/ regional hub segments as well as from the regional hub/bush village segments where the smaller bush carriers are critically dependent on such mail revenue. Second, the loss of critical mail revenue has forced many carriers to compensate by reducing service or by raising passenger fares or by a combination of both. Neither one of those results is in either the short-term or long-term interest of the residents of interior Alaska. Third, it must also be considered that the State of Alaska only a few years ago received in excess of ten million dollars in federal subsidy and that amount has been decreased to less than three million dollars today. At least several million dollars of the former subsidy pool was previously allocated to support scheduled service in the Bethel, Nome, Kotzebue bush areas which today do not receive even one dime in federal subsidy. That loss of revenue has had the effect of significantly increasing the overall importance to the bush carriers of Postal Service mail revenues. It has

therefore made the bush segment mail distribution policies absolutely critical. Fourth, the "Bethel mail experiment" with its policy of equitably tendering mail to any number of qualified bush carriers was designed to provide a major stimulus to the development of bush carriers and their respective fleets. As a result of that policy, a number of bush carriers expanded and acquired new aircraft. Many of those carriers are suddenly finding themselves without significant mail revenues which they have been previously receiving and which they had every right to expect to continue. Fifth, even on the routes served by jet aircraft such as Anchorage-Bethel, Anchorage-Nome, Anchorage-Kotzebue, the multiple frequency combination service provided to these communities is also extremely dependent on mail revenue. Alaska Airlines, for example, has seen its mail revenues drop by almost fifty percent between Anchorage and Nome and between Anchorage and Kotzebue in just the past few months. That leaves Alaska with only two choices -- dramatically reduce service or dramatically increase passenger fares. This is particularly unfortunate since the State of Alaska has already had to witness the loss of jet service at Aniak, Galena, Homer, McGrath, St. Mary's and Unalakleet when the federal subsidy program was dramatically curtailed a few years ago. Sixth, the latest aggravating factor is the Department of Transportation's proposed 8.1 percent decrease in intra-Alaska mail rates further the already reduced mail revenue pool available to the intra-Alaska carriers.

decision that adjustments have to be made to the mail distribution procedures currently followed by the U.S. Postal Service in Anchorage.

Respectfully submitted,

Larry Churchill Larry Flying Service

Grant Thompson Cape Smythek

James D. Ross Bering Air, Inc.

Paul Daniels EKA Helicopters, Inc.

Bob H. Hansen Hercules Air Inc.

Markus Hein Alaska Airlines, Inc.

W.D. Hill Northwest Airways, Inc.

Robert E. Jensen Northwest Air

B. ENSMINGER

# Armstrong Air Service, Inc.

RD



BOX 204

DILLINGHAM, ALASKA 99576

842-5361

FLOATS • WHEELS • SKIS  
HUNTING • FISHING • CHARTERS

Honorable Ted Stevens  
U.S. Senate  
522 Hart Building  
Washington, D.C. 20510

Dear Senator Stevens,

We appreciate your support of essential air service to rural Alaska villages. Our small air service, in business for forty three years - many as an air taxi and for the past year as a commuter - supports you.

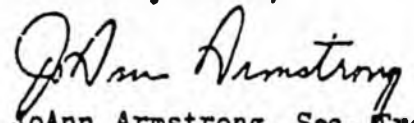
A recent article in the Anchorage Daily News was written concerning Northern Air Cargo's direct flights to some rural villages. No space was given to the smaller local carriers serving these villages who are adversely impacted by these flights. Northern Air Cargo would be changing the rules by circumventing the hub, which was set up to provide essential service to the villages, benefitting passenger traffic.

Local air carrier need the mail into and out of the hub to provide scheduled passenger service. Passenger traffic alone cannot sustain regular schedules. Mail pay helps to offset decreased traffic due to increased competition since deregulation, exorbitant insurance charges, and the cost of maintaining regular schedules.

An emphasis on freight delivery by large cargo - only carriers rather than passenger service, will ultimately affect those passengers in reduced service. We believe that Mark Air is correct that service level to the hub should be the criteria for division of mail. We also support the hub arrangement, with delivery of mail and passengers to the rural areas by local carriers.

Thank You for your stand on this important issue for rural Alaska.

Sincerely Yours,



JoAnn Armstrong, Sec. Treas.  
Armstrong Air Service Inc.

- cc: Frank Murkowski
- Don Young
- Ralph Brumbaugh, Mark Air
- Martin Vanhorn, Alaska Airlines

# Memo calls Bush mail plan illegal

By HAL BERNTON  
Daily News business reporter

A MarkAir Inc. proposal to change the way mail is distributed to Alaska air carriers is illegal and anti-competitive, according to a memo by James Orlando, a top Postal Service official.

The proposal, if implemented, would give the state's passenger airlines a larger share of the multi-million-dollar mail business. Cargo-only carriers, which fly less often, would get a smaller share.

Orlando said in his memo that "the Postal Service cannot legally dispatch mail in a manner which favors passenger aircraft over all-cargo aircraft..." Orlando is director of the agency's Transportation and International Services Office.

The memo, obtained by the Daily News under the Freedom of Information Act, said the MarkAir formula "would promote anti-competitive, discriminatory postal dispatching policies by virtually eliminating the all-cargo and Bush carriers that are currently providing excellent mainline service in Alaska."

The memo, written in June 1985,

reviewed a Postal Service meeting with Wally Burnett, an aide to Alaska Sen. Ted Stevens, and other congressional staffers.

At the meeting, Burnett asked the Postal Service to review a formula to change mail distribution in Alaska, according to the memo.

That formula, which came from MarkAir, used frequency of flights, number of stops and gross weights of planes to determine mail allocations, Orlando said Friday.

Despite Orlando's 1985 harsh critique of the formula, the proposal remained under Postal Service review.

Nell Bergt, MarkAir's owner, presented the plan formally last February.

Since then, the proposal has triggered a volatile, often bitter debate among Alaska air carriers and Bush communities that depend on the mail for groceries and merchandise.

Shipments of this cargo are subsidized by the Postal Service, which last year paid Alaska carriers nearly \$56 million to fly mail.

In this memo, Orlando said major grocery shipments to the Bush have

indicated extreme concern" about any changes in the current mail distribution system.

Advocates of the MarkAir proposal or variations of it include Alaska Airlines and at least other passenger airlines. They feel they deserve more mail because they offer far more flights than cargo carriers.

They say the Postal Service — not MarkAir — is out of line. They think cargo flights are grabbing a disproportionate share of the lucrative mail business. This could cause passenger airlines to reduce service or even to fail.

"Our position is that (present mail distribution efforts favor all-cargo aircraft that provide minimal flights and service levels," said Bob Ensminger, MarkAir vice president for cargo services and postal affairs. The state Senate has endorsed the plan.

Theodore Seaman, a Washington, D.C. attorney for Northern Air, said MarkAir's proposal is "a blatant effort to create a competitor out of bush."

Orlando said the MarkAir proposal is "a blatant effort to create a competitor out of bush."

## MEMO: Postal official frowns on MarkAir delivery proposal

Continued from Page B-5

proposal — after more than a year of review — still might be approved.

"As far as I'm concerned, it isn't (going through)," Orlando said. "But I'm not dealing with Sen. Stevens... I'm not working to implement such a formula. I'm not saying it won't be."

Stevens recently said he

doesn't support any specific reform proposal. But he said many airlines believe the current mail distribution system must be changed. And he has asked the Postal Service to examine their concerns.

"I've never endorsed any formula presented by anybody," Stevens said. "I don't think I'm in Northern Air Cargo's hand on one hand or shilling for MarkAir on the other. I'm trying to maintain a rational air policy. If I'm

guilty of anything, it's weighing passenger requirements higher than cargo requirements."

If too much mail goes to the cargo carriers, passenger airlines, which depend on the mail for a major portion of their revenue, might find it difficult to maintain adequate service to the Bush, Stevens said.

Stevens said he believes that an overwhelming number of the air carriers in the

Alaska Air Carriers Association support some sort of reform of the Postal Service policy. He recently received a letter from 17 air carriers urging the Postal Service to give more mail to passenger airlines who offer more frequent service.

Cindy Andrecheck, executive director of the 75-member Alaska Air Carriers Association, said the association is reviewing the situation.

 **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

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.

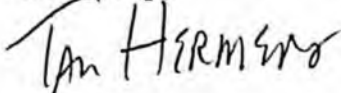
Allowing mainline airplanes to over fly the bush hubs with mail will seriously impact the well established hub and spoke system that allows rural Alaskans a reliable and affordable system of transportation. The bush mail has allowed us to provide passenger service and comfortable facilities for the people 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



RECEIVED  
FEB 19 1987

Robertson, Monagle & Farlaugh, P.C.  
Juneau, Alaska

February 16, 1987

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

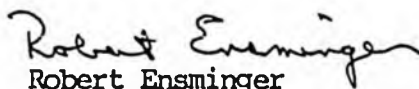
Dear Representative Cato:

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

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

# NORTHERN AIR CARGO

## MAIL DISTRIBUTION IN RURAL ALASKA

U.S. MAIL DESTINED FOR RURAL ALASKA FROM THE ORIGIN POINTS OF ANCHORAGE AND FAIRBANKS IS CURRENTLY TENDERED TO THE MAINLINE CARRIERS (ALASKA AIRLINES, MARKAIR AND NORTHERN AIR CARGO) ON THE BASIS OF A USPS POLICY KNOWN AS "EQUITABLE TENDER".

EQUITABLE TENDER SIMPLY MEANS THAT THE USPS DISTRIBUTES THE VOLUME OF MAIL AS EQUALLY AS POSSIBLE AMONG THE AIRLINES FLYING ON A PARTICULAR ROUTE. AN EXAMPLE OF THIS IS THE ANCHORAGE TO BETHEL WHERE THE MAIL IS SPLIT AMONG THE 3 CARRIERS, THE CARRIER WITH THE MOST FREQUENCY OF SERVICE IN THAT MARKET RECEIVING A PROPORTIONATELY LARGER SHARE.

FOR THE PAST 3 YEARS THERE HAS BEEN A LOBBYING EFFORT OF THE ALASKA CONGRESSIONAL DELEGATION TO PRESSURE THE USPS TO CHANGE THEIR EQUITABLE TENDER POLICY TO A FORMULA WHICH MARKAIR HAS DEVELOPED AND WHICH EFFECTIVELY ELIMINATES NORTHERN AIR CARGO FROM CARRYING U. S. MAIL.

THE RATIONALE BEHIND THIS LOBBYING EFFORT ALLEGES THAT PASSENGER SERVICE IS BEING HAMPERED BY NORTHERN AIR CARGO, AN "ALL CARGO" AIRLINE, CARRYING THE U.S. MAIL AND THEREBY DEPRIVING THE PASSENGER CARRIERS OF THE ADDITIONAL REVENUE TO OFF SET THE COST OF PROVIDING PASSENGER SERVICE.

THIS ALLEGATION HAS NOT BEEN BORNE OUT BY THE FACTS. PASSENGER SERVICE IN RURAL ALASKA IS AT AN ALL TIME HIGH IN BOTH THE MAINLINE AND THE BUSH. THE LEVEL OF SERVICE HAS CONTINUED TO INCREASE AS WITNESSED BY TWO NEW PASSENGER CARRIERS RECENTLY ENTERING THE ANCHORAGE TO DILLINGHAM, KING SALMON, AND KODIAK MARKETS. THE SAME TREND IS OCCURRING IN THE SMALLER BUSH COMMUNITIES.

IT MAY BE TRUE THAT THERE IS TOO MUCH PASSENGER SERVICE AND SOME AIR CARRIERS MAY NEED TO ADJUST THEIR STRATEGIES. WHAT IS MORE IMPORTANT TO RURAL ALASKANS IS THAT THEIR QUALITY OF LIFE HAS IMPROVED DRAMATICALLY WITH THE ADVENT OF RELIABLE SCHEDULED ALL CARGO AIRLINE MAIL AND AIR FREIGHT SERVICE. EVIDENCE OF RURAL ALASKANS FEELINGS ON THIS ISSUE IS OBVIOUS BY THE MANY RESOLUTIONS, PETITIONS, AND LETTERS OF SUPPORT FOR ALL CARGO SERVICE THAT THE ALASKAN CONGRESSIONAL DELEGATION HAS RECEIVED ON THIS ISSUE.

ATTACHED IS A COPY OF A NEWSPAPER ARTICLE WHICH APPEARED IN THE ANCHORAGE DAILY NEWS ON APRIL 27, 1986 AND GIVES A FACTUAL ACCOUNT OF BOTH SIDES OF THE ISSUE.

# 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.

Neil 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

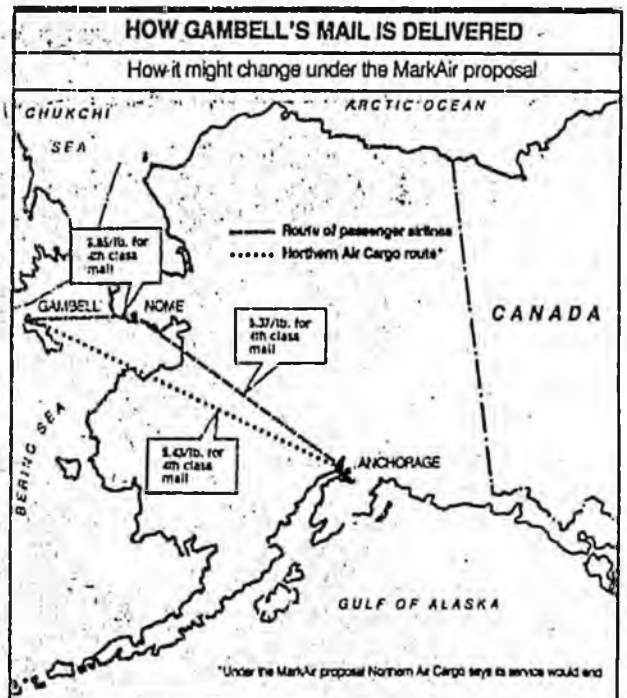
Air Cargo, the state's only all-freight airline.

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.

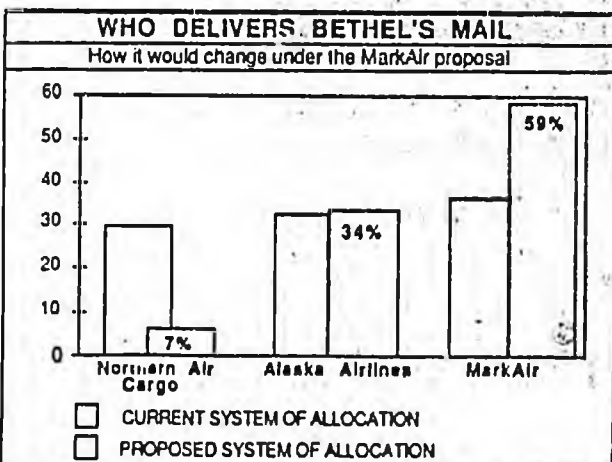
Bergt is molding the fleet into one of the state's dominant passenger carriers. But the company is losing a lot of money. In the last quarter of 1985, MarkAir lost \$1.8 million, according to a financial statement filed with the federal Department of Transportation. A financial statement put previous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

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

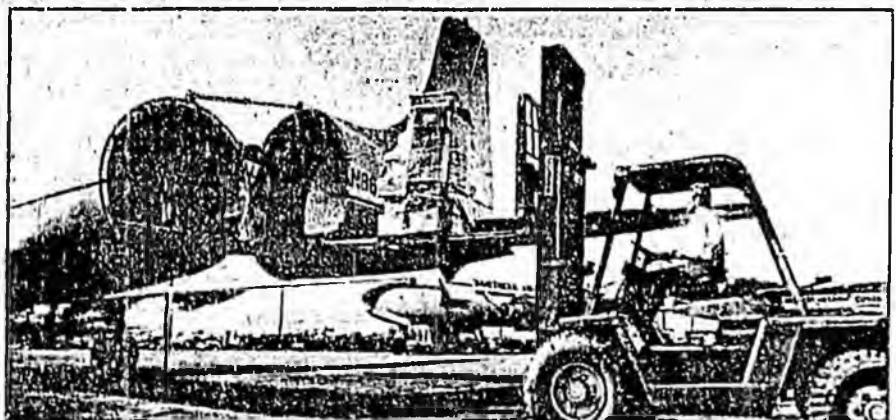


Daily News art department map

See Page J-2, MAIL FLIGHTS



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 Beaton, 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 better shape because it is handled less.

"The whole community has been behind Northern Air Cargo," said H. Vernon Slwooko, 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 benefactor 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 38 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**

Northern Air Cargo was founded in 1956 as a partnership between Robert "Bobby" Sholton and Maurice Carlson. The airline was established as a charter air freight service, utilizing two C-82 "Flying Boxcars." As the airline founders, Sholton and Carlson were both considered Alaskan aviation pioneers; since the late 1940's, Sholton had flown extensively all over Alaska delivering freight, passengers, and mail; Carlson had flown for the military.

With a fleet of C-82's, Northern Air Cargo established an impressive record of service to many areas of the State. The airline pioneered delivery of special-outsized cargo to some 192 different air strips within the State. Areas served were mining settlements, construction and DEW Line sites as well as delivering freight to rural communities on a charter basis. In 1969, the first DC-6 aircraft was added to the operation. This aircraft gave the Company additional lift and capacity and opened up an even more expanded rural market. Since the early 1970's, Northern Air Cargo has been on a controlled rate of growth adding DC-6 all-cargo aircraft periodically up to its present fleet of ten aircraft. Northern Air Cargo was co-owned by Sholton and Carlson until Sholton purchased his partner's interest in the airline in 1981.

The widow of Robert Sholton, Mrs. Rita Sholton is the airline's President and Chief Executive Officer. Mrs. Sholton has steered Northern Air Cargo on a course of steady growth since Robert Sholton's death in 1982. Mrs. Sholton moved the airline from almost 100% charter operations prior to 1982, to a scheduled airline that serves 20 communities within Alaska on a regularly scheduled basis with freight and mail delivery. The airline flies approximately two and one-half million miles per year within the State of Alaska.

Today, freight and mail fly on Douglas DC-6 air freighters. The airline owns ten DC-6 aircraft, and each plane can lift nearly 30,000 pounds. The planes are economical to operate, reliable, and ideally suited to the varied Alaskan flying conditions. The planes are able to land on improved and unimproved airstrips 4,000 feet in length, and the Company has upgraded the aircraft to include sophisticated electronics including LORAN navigation and Color Radar. Eight of the ten aircraft in the fleet are of the standard configuration; the ninth freighter is dedicated exclusively as a tanker, and can haul up to 4,500 gallons of fuel; the tenth freighter is one of only two in the world with a "Swingtail" which swings completely open from the tail allowing rear loading of cargo as long as 65 feet. The aircraft is ideally suited for the special transportation needs of rural Alaska.

Northern Air Cargo's philosophy is one of service to the customer, and providing this service as quickly, efficiently, and safely as possible. The airline has had over 30 years of accident free operations.

Northern Air Cargo employs 150 people in Anchorage and sub-contracts with local business enterprises in the 20 rural Alaskan communities that it serves. In all these areas, Northern Air Cargo has made a significant economical contribution.

# TOGIAK NATIVES LIMITED

P.O. Box 169 • Togiak, Alaska 99670 • (907) 493-5520

FEB 25 1987

February 19, 1987

The Honorable Governor Steve Cowper  
Office of the Governor  
3rd Floor  
State Capital  
Pouch A  
Juneau, Alaska 99811

Dear Governor Cowper:


It has come to my attention that certain members of the Alaska Legislature are supporting action that will seriously affect the economy of Togiak. I am referring to House Joint Resolution No. 11 "Relating to Mail to Main-line and Bush Communities" that is ill conceived and gave no thought to, nor input from, the residents of Togiak, Twin Hills, Goodnews Bay and the surrounding area.

Togiak has been making very good progress over the past few years in becoming an economic self-supporting community and is attempting to spread the benefits of these efforts to surrounding communities. Apparently, some members of the Legislature are bowing more to the demands of one large community over several smaller ones and, more questionable in our minds, to big, state-wide businesses rather than existing and developing local businesses.

Attached is a memorandum directed to the residents of this area that addresses the issue and concerns existing in regard to this matter. Attached to this memo are signatures of a great many of the residents of the area acknowledging their concern that they not lose the current level of freight service to Togiak. If more time was allowed I feel confident that almost all residents of this area would give their signature to this issue.

I respectfully request the support of your office in this matter.

Very Truly Yours,



Robert Nanalook  
President

RN:fka  
Enclosures

cc: Al Adams  
John Binckley  
Rep. Kay Wallis  
Rep. Mike Davis  
Rep. Pat Pourchot

Sen. Jan Faiks  
Sen. Pat Rodey  
Sen. Willie Hensley  
Sen. Arliss Sturgulewski ✓  
Sen. Fred Zharoff

Rep. Adelheid  
Hermann

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

RELATING TO TRANSPORTATION OF MAIL TO  
MAINLINE AND BUSH COMMUNITIES IN ALASKA.

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

WHEREAS BOTH THE MAINLINE AND BUSH COMMUNITIES IN THE STATE MUST BE ASSURED OF RELIABLE, YEAR-ROUND SCHEDULED PASSENGER AIR SERVICE AT REASONABLE RATES IN ORDER TO MEET THE TRANSPORTATION NEEDS OF THEIR RESIDENTS AND VISITORS, AND

WHEREAS THE PROVISION OF SCHEDULED PASSENGER AIR SERVICE, PARTICULARLY TO AND WITHIN THE RURAL REGIONS OF THE STATE, IS UNIQUELY AFFECTED BY PRONOUNCED SEASONAL VARIATIONS IN TRAFFIC, HIGH FIXED OPERATING COSTS, AND SEVERE WEATHER CONDITIONS, AND

WHEREAS FEDERAL SUBSIDIES FOR SCHEDULED PASSENGER SERVICE IN THE STATE ARE SLATED FOR POSSIBLE ELIMINATION, WHICH WOULD HAVE AN ADDITIONAL ADVERSE EFFECT ON SCHEDULED PASSENGER SERVICE, AND


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,

BE IT RESOLVED THAT THE ALASKA STATE LEGISLATURE RESPECTFULLY REQUESTS THE U.S. POSTAL SERVICE TO ADOPT A POLICY FOR THE DISTRIBUTION OF MAIL TO CARRIERS SERVING ALASKAN COMMUNITIES THAT SPECIFICALLY TAKES INTO ACCOUNT THE FREQUENCY AND CAPACITY OF SCHEDULED PASSENGER SERVICE OFFERED BY EACH CARRIER SERVING A COMMUNITY.

COPIES OF THIS RESOLUTION SHALL BE SENT TO THE HONORABLE PRESTON R. TISCH, POSTMASTER GENERAL OF THE U.S. POSTAL SERVICE, AND TO THE HONORABLE TED STEVENS AND THE HONORABLE FRANK MURKOWSKI, U.S. SENATORS, AND THE HONORABLE DON YOUNG, U.S. REPRESENTATIVE, MEMBERS OF THE ALASKA DELEGATION IN CONGRESS.

MEMORANDUM TO THE RESIDENTS OF  
TOGIAK, TWIN HILLS, GOODNEWS BAY,  
AND QUINHAGAK, ALASKA

TO: Residents Of Togiak, Twin Hills, Goodnews Bay, and  
Quinhagak, Alaska

FROM: Larry A. Wiggins, Business Agent For Togiak Natives  
Ltd. & Togiak Eskimo Seafoods, Inc. 

DATE: February 16, 1987

I am sure you are all aware that Northern Air Cargo has been coming into Togiak on a weekly schedule since early last October. This direct flight from Anchorage to Togiak has been a great economic benefit to the people of Togiak and will be an even greater benefit in the future.

This economic benefit is demonstrated in a number of ways. First, by having a DC 6 size aircraft operating a scheduled freight service into Togiak the people and businesses who live in the area can get products (snowmachines, groceries, appliances, cars and trucks, etc.) in Anchorage and ship them to Togiak much cheaper than if they had to come the old way through Dillingham.

Second, because of the large size of the DC 6 many items can be shipped to Togiak at any time instead of waiting for summer barge service.

Third, retail stores in Togiak are now able to get their groceries and many other products they sell into town much quicker and with very little loss or damage. This very definitely results in lower retail prices, and a much better quality of product. The fresh milk, meat and produce offered at Our Store are the result of these direct flights into town.

Fourth, retail prices are also kept low when local stores have the ability to purchase product from their suppliers on a weekly basis rather than making larger monthly purchases which require tying up more money for inventory.

What all of the above means is that weekly freight flights into Togiak have improved the standard of living of the local people.

The purpose of this letter is to make the people of Togiak and the surrounding area aware of the benefits of this direct freight flight and of the possibility that these flights could be stopped before we really get a chance to enjoy their benefits.

Because much of the freight and groceries ( which normally come through a system called "By-Pass Mail" ) coming to Togiak are no longer going through Dillingham certain people in Dillingham have been opposing these direct flights to Togiak. In addition, some major Jet passenger and freight carriers into Dillingham from Anchorage have been opposed to these flights because they are losing revenue from not being able to carry Togiak freight to Dillingham.

The Dillingham City Council and Chamber of Commerce have taken action in an apparent attempt to force the U.S. Post Office to have much of the Togiak By-Pass Mail go through Dillingham. In an apparent response to these pressures from Dillingham and the larger Jet carriers servicing Dillingham, House Joint Resolution No. 11 has been submitted to the Alaska Legislature that would request the U.S. Postal Service to favor passenger carrier airline companies when distributing By-Pass Mail. If such an action should occur this would effectively stop the weekly freight flights into Togiak.

The reasoning presented for such an action by Dillingham, the Jet passenger carriers and the sponsors of House Resolution No. 11 are that without U. S. Post office subsidies air passenger rates between Anchorage and Dillingham would increase. This in fact remains to be seen, there are now several small air carriers offering excellent passenger service between Anchorage and Dillingham that do not, necessarily, need this subsidy. More important even if air fares should increase this would have relatively little impact on the residents of Togiak and the surrounding area in light of the benefits offered by having direct freight flights into Togiak.

It appears that certain legislators in Alaska are responding to political pressure in this matter without getting adequate input from the residents of Togiak and the surrounding area. Attached to this memo is a place for your signature. If you support the current action of the U.S. Post Office of assigning By Pass Mail to carriers flying into Togiak and if you want the Alaska Legislature and Governor Cowper to oppose any attempts to exert pressure on Congress or the U.S. Post Office to change this current practice then please sign in the place provided.

Copies of this letter with supporting signatures will be sent to members of the Alaska Legislature and Governor Cowper as well as Alaska's Congressional Delegation.

PETITION

PRINT NAME:

SIGNATURE:

ADDRESS:

PETE M. ABRAHAM	<i>Pete Abraham</i>	Box 106	Togiak, AK
Norman Coupchak	<i>Norman Coupchak</i>	Box 32	Togiak, AK
Francis Coupchak	<i>Francis Coupchak</i>	Box 82	Togiak, AK
Dave Markoff	<i>Dave Markoff</i>	Box 134	Togiak, AK
Elizabeth Wassilie	<i>Elizabeth Wassilie</i>	Box 168	Togiak, AK
William Coupchak	<i>William Coupchak</i>	Box 39	Togiak, AK 99678
Orlene Coupchak	<i>Orlene Coupchak</i>	Box 39	Togiak, AK
Verna Danalock	<i>Verna Danalock</i>	Box 70	Togiak, AK
Benjamin "D" Dock	<i>Benjamin "D" Dock</i>	Box 103	Togiak, AK
BESSIE O. BLUE	<i>Bessie O. Blue</i>	Box 92	Togiak, AK 99678
MAREN E. CAREY	<i>Maren E. Carey</i>	3500 W. 40th	ANCHORAGE, AK 99517
Frank Locksley	<i>Frank Locksley</i>	Box 78	Togiak, AK
Margaret Wassilie	<i>Margaret Wassilie</i>	Box 28	Togiak, AK
EDWARD M. WASSILLIE	<i>Edward M. Wassilie</i>	Box 104	Togiak, AK 99678
MARtha J. WASSILLIE	<i>Martha J. Wassilie</i>	Box 28	Togiak, AK
TOMMY ATAKITTIG	<i>Tommy Atakittig</i>	Box 55	Togiak, AK
JACK PETERS	<i>Jack Peters</i>	"	"
Mary E Andrews	<i>Mary E. Andrews</i>	Box 76	Togiak, AK
Daniel P. Andrews	<i>Daniel P. Andrews</i>	Box 76	Togiak, AK
William P. Andrews	<i>William Andrews</i>	Box 76	Togiak, AK
Richard Amatunak	<i>Richard Amatunak</i>	Box 35	Togiak, AK
John T. Andrews	<i>John T. Andrews</i>	Box 102	"
JOE ANDREW	<i>Joe Andrew</i>	"	"
William E. Einhellig Jr.	<i>William E. Einhellig Jr.</i>	Box 196	Togiak, AK
SALLY F. ANDREW	<i>Sally Andrew</i>	Box 196	Togiak, AK
Raymond H. Andrew	<i>Raymond H. Andrew</i>	Box 102	Togiak, AK
Joshua Andrew	<i>Joshua Andrew</i>	Box 155	Togiak, AK
Moses Andrew	<i>Moses Andrew</i>	Box 102	Togiak, AK
Martha Antone	<i>Martha Antone</i>	Box 32	Togiak, AK
EVELYN YANEZ	<i>Evelyn Yanez</i>	Box 27	Togiak, AK
Jose Yanez	<i>Jose Yanez</i>	"	"
Steve Fosuk S.	<i>Steve Fosuk S.</i>	Box 21	Togiak, AK
CHRUSKA DYASUK	<i>Chruska Dyasuk</i>	Box 12	"
ANDREW DYASUK	<i>Andrew Dyasuk</i>	Box 12	"
MARTHA A. LOCKUK	<i>Martha A. Lockuk</i>	82	"
MARY A. LOCKUK	<i>Mary A. Lockuk</i>	82	"
ANDY LOCKUK	<i>Andy Lockuk</i>	82	"
Willie T. Eshuck Sr.	<i>Willie T. Eshuck Sr.</i>	Box 29	"
Martha A. Eshuck	<i>Martha A. Eshuck</i>	Box 29	"
Richard Eshuck	<i>Richard Eshuck</i>	"	"
EMMA ESHUCK	<i>Emma Eshuck</i>	Box 24	Togiak, AK

PEITION

PRINT NAME:

SIGNATURE:

ADDRESS:

Don Pasquariello	<i>Don Pasquariello</i>	Box 198	Togiak, Alaska
Susan Ann Pasquariello	<i>Susan Ann Pasquariello</i>	Box 198	Togiak, Alaska
Fannie Logusak	<i>Fannie Logusak</i>	Box 78	Togiak Alaska
CHARLIE KOZIVIKOFF	<i>Charlie Kozivikoff</i>	Box 116	" "
MARTHA KOZIVIKOFF	<i>Martha Kozivikoff</i>	" "	" "
Robert Nikolai Jr.	<i>Robert Nikolai Jr.</i>	General Delivery	Twin Hills, AK.
WILLIE WICK	<i>Willie Wick</i>	Box 37	Togiak

Witness *Charlie Kozivikoff*

*P. J. ...*

Marle Snyder	<i>Marie Snyder</i>	Box 45	Togiak
Nellie Pank	<i>Nellie Pank</i>	P.O. Box 72	Togiak
Emma Pank	<i>EMMA PANK</i>	P.O. Box 72	Togiak
Susie P. Kasak	<i>Susie P. Kasak</i>	P.O. Box 74	Togiak
Roy C. Kasak	<i>Roy C. Kasak</i>	P.O. Box 74	Togiak
Louise A. Gosuk	<i>Louise A. Gosuk</i>	Box 21	Togiak
MARY GOSUK	<i>Mary Gosuk</i>	Box 93	
ANTONS GOSUK			

MARY GOSUK	<i>MARY GOSUK</i>	Box 93	
Henry G. Goodwin	<i>Henry G. Goodwin</i>	Box 161	
JOE ALEXIE	<i>Joe Alexie</i>	Box 81	Togiak
Stanley Active	<i>Stanley Active Jr.</i>	Box 131	Togiak
ISAAK A. TUDJAN	<i>Isaac A. Tudjan</i>	Box 63	Togiak
Anuska Avojiak	<i>Anuska Avojiak</i>	Box 104	Togiak
MASAS AVOJIAK	<i>Masas Avojiak</i>	Box 104	Togiak
HENRY A. BAVIKKA	<i>Henry A. Bavikka</i>	Box 144	Togiak

HARRY A. WIGGINS	<i>Harry A. Wiggins</i>	Box 3402	Palmer, AK 99685
Moses Coupchuk	<i>Moses Coupchuk</i>	Box 188	Togiak, AK 99678
Roy Fox	<i>Roy Fox</i>	Box 176	Togiak, AK 99678
Annie Fox	<i>Annie Fox</i>	Box 176	Togiak, AK 99678
Walter Tukava	<i>Walter Tukava</i>	Box 158	Togiak, AK
Evelyn Dugasuk	<i>Evelyn Dugasuk</i>	Box 122	Togiak, AK 99678

Carl E. Andrews	<i>Carl E. Andrews</i>	Box 76	Togiak, AK 99678
Mary E. Andrews	<i>Mary E. Andrews</i>	Box 76	Togiak, AK 99678
Andrew Andrews Sr.	<i>Andrew Andrews Sr.</i>	Box 76	Togiak, AK 99678
LeRoy Nanalook	<i>LeRoy Nanalook</i>	Box 10	Togiak, AK 99678
Richard Coupchuk	<i>Richard Coupchuk</i>	Box 51	Togiak, AK 99678
PAVILGA MASSILLIE	<i>Pavilga Massillie</i>	Box 64	Togiak, AK 99678

June Arkanakyak	<i>June Arkanakyak</i>	Box 3	Togiak, AK 99678
Julie Nanalook	<i>Julie Nanalook</i>	Box 121	Togiak
Adolph J. Active	<i>Adolph J. Active</i>	Box 208	Togiak
Emma K. Nanalook	<i>Emma K. Nanalook</i>	Box 10	Togiak

PETITION

PRINT NAME:

SIGNATURE:

ADDRESS:

Moses Kritz	Moses Kritz	Box 83 Togiak AK 99678
Emma Echuick	Emma Echuick	Box 214 Togiak AK 99678
Aurea Kritz	Aurea Kritz	Box 83 Togiak, AK 99678
John M. Parker	John M. Parker	Box 191 Togiak AK 99678
Raymond Morris	Raymond Morris	P.O. Box 215 Togiak
Kemp Fishones	Kemp Fishones	Pouch 502 Togiak
Cam C. Carosi	Cam C. Carosi	Box 67 TOGIAC
Jack Kamli Jr	Jack Kamli Jr.	Box 133 TOGIAC
William Krasli	William Krasli	Box 61 Togiak
Bruce Foerch	BRUCE FOERCH	Box 142 TOGIAC AK
Carol Bryant	Carol Bryant	Box 171 Togiak AK
Elona Foerch	Elona Foerch	Box 142 Togiak, Alaska
Mary W. Savolta	Mary W. Savolta	Box 111 Togiak AK
Laurie Dyasuk	Laurie Dyasuk	P.O. Box 194 Togiak AK
Samson Dyasuk	Samson Dyasuk	P.O. Box 12 Togiak AK
LUCY A. SKOLNICK	Lucy A. Skolnick	P.O. Box 202 Togiak, AK 99678
Jonathan A. Dyasuk	JONATHAN A. DYASUK	P.O. Box 194 Togiak AK 99678
Matt H. Aposik	Matt H. Aposik	P.O. Box 133 Togiak AK 99678
Margie Coopchiak	Margie Coopchiak	Box 84 Togiak, AK 99678
Maya Kamli	Maya Kamli	Box 61 Togiak AK 99678
Russell P. Greenley	Russell P. Greenley	Box 112 Togiak AK 99678
Norothy C. Greenley	Norothy C. Greenley	Box 112 Togiak AK 99678
Carol C. Neal	Carol C. Neal	Box 154 Togiak, AK 99678
Homer Neal	Homer Neal	Box 154 Togiak, AK 99678
Dorothy Lous	Dorothy Lous	P.O. Box 173 Togiak, AK 99678
Joshua D. Andrews	Joshua D. Andrews	P.O. Box 76 Togiak AK 99678
Louise Coopchiak	Louise Coopchiak	Box 181 Togiak, AK 99678
Ernest Wassilie	Ernest Wassilie	
Evelyn J. Suits	Evelyn J. Suits	Box 113 Togiak AK 99678
Nora E. Flores	Nora E. Flores	Box 153 Togiak AK 99678
PAULINA AKAMAKYAK	PAULINA AKAMAKYAK	P.O. Box 178 Togiak, AK 99678
Fanny Kay Aposik	Fanny Kay Aposik	P.O. Box 191 Togiak, AK 99678
Darryl Mercer Grovenstein	Darryl Mercer Grovenstein	P.O. Box 125 Togiak AK 99678
Sarah N. Williams	Sarah N. Williams	P.O. Box 102 Togiak AK 99678
Nellie C. Blue	Nellie C. Blue	Box 146, Togiak, AK 99678
Stanley Arthur Sr	Stanley Arthur Sr	Box 81 Togiak AK 99678
BRIAN ABRAHAM	Brian Abraham	Box 106 Togiak AK 99678
MARK R. Schaeffer	Mark R. Schaeffer	Box 65 Togiak AK 99678
Rosemary Snyder	Rosemary Snyder	
Rosemary Wassilie	Rosemary Wassilie	Box 212 Togiak, AK 99678
Judy Whyman	Judy Whyman	Box 14

PETITION

PRINT NAME:

SIGNATURE:

ADDRESS:

Sharon Anpalook	Sharon Anpalook	Box 10	Togiak, Ak
Alfred Gosuk	Alfred H. Gosuk	Box 73	Togiak, Ak
John J. Bavilla	John J. Bavilla	Box 95	" "
<del>Benjamin L. Coopchiak Jr</del>		P.O. Box 107	Togiak, Ak
Benjamin L. Coopchiak Jr	Benjamin L. Coopchiak Jr	Box 9	Togiak, Ak
David Kosak	David Kosak	Box 74	Togiak Ak 99678
Dennis & Dorrey	Dennis & Dorrey	Box 34	Togiak AK 99678
Bertha Pawian	Bertha Pawian	Box 71	Togiak, Ak. 99678
Robert T. Blue	Robert T. Blue	Box 90	Togiak Ak 99678
Albert Krumme	Albert Krumme	Box 26	Togiak, Ak 99678
Tommy Coopchiak	Tommy Coopchiak	Box 151	Togiak, AK 99678
Jack Snyder	Jack Snyder	Box 45	Togiak AK 99678
Mamie Ewert	Mamie Ewert	Box 117	Togiak, Ak 99678
David O. Ewert	David O. Ewert	Box 117	" " " "
Joanne Mark	Joanne Mark	Box 108	Togiak, Ak 99678
Robert Awdin	Robert Awdin	Box 27	Togiak, AK 99678
Sarah Bowler	Sarah Bowler	Box 195	" " " " 99678
Mary Hastings	Mary Hastings	Box 203	Togiak, Ak 99678
Randy H. Hastings	Randy H. Hastings	Box 203	Togiak, Ak 99678
Allen Grovesstein	Allen Grovesstein	Box 175	Togiak, AK 99678
Tanya L. Lockuk	Tanya L. Lockuk	Box 125	Togiak, AK 99678
Fanny M. Nanalook	Fanny M. Nanalook	Box 10	Togiak, AK 99678
Gladys Coopchiak	Gladys Coopchiak	Box 131	Togiak, AK 99678
Sophie Nick	Sophie Nick	Box 124	Togiak, Ak 99678

PETITION

PRINT NAME:

SIGNATURE:

ADDRESS:

Stella B. Sharp	Stella B Sharp	Twin Hills, AK
Daniel Sharp	Daniel Sharp	Twin Hills, AK
John W. Sharp	John W. Sharp	Twin Hills, AK
Nattie Fullerton	Nattie Fullerton	Twin Hills, AK
R.C. Wassillie	Roger C Wassillie	Gen Del Twin Hills, AK
Louise M. Wassillie	Louise M Wassillie	Gen. Del. Twin Hills, AK
Luke Tukaya	Luke Tukaya	Twin Hills, AK
Dan Nanaivak	Dan Nanaivak Sr.	Twin Hills, AK 99576
Agnes Tukaya	Agnes Tukaya	Twin Hills, AK
Sally Small	Sally Small	" " "
Mickey Sharp	Mickey Sharp	" " "
William Tukaya	William Tukaya	" " "
George Pleasant, Sr.	George Pleasant, Sr.	Twin Hills,
CARRIE DEMOSKI	Carrie Demoski	Twin Hills, AK 99576
GEORGE KUKU	George Kuku	Twin Hills AK 99576
MARY KUKU	Mary Kuku	Twin Hills AK 99576
Julius Pleasant	Julius Pleasant	Twin Hills AK 99576
Linda Camechuk	Linda Camechuk	Twin Hills AK 99576
David Foster	David Foster	Twin Hills AK 99576
Louis Small	Louis Small	Twin Hills, AK
Ina Small	Ina Small	Twin Hills, AK
Auson Skinner Jones	Auson Skinner Jones	Twin Hills, AK
Devin C. Jones	Devin C. Jones	Twin Hills, AK
Frank T. Kuku	Frank T. Kuku	Twin Hills, AK
Andrew Boguilikuk	Andrew Boguilikuk	Twin Hills, AK
James W. Boguilikuk Jr.	James W. Boguilikuk Jr.	Twin Hills
Arthur W. Sharp	Arthur W. Sharp	Twin Hills, AK
Jeff Sharp	Jeff Sharp	Twin Hills

FEB 27 1987



# ANICA, INC.

ALASKA NATIVE INDUSTRIES CO-OPERATIVE ASSOCIATION INC.

Since 1948

February 24, 1987

Senator Jack Coghill  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811



Dear Senator Coghill:

We are in support of the adoption and passage of Senate Joint Resolution No. 16.

Since this resolution recognizes the fact that deregulation has brought more frequent passenger service and competitive air freight service to Alaska villages for the first time in many years and that this resolution would make continued uncontrolled mail service available to Alaska villages we, as an Alaska Native owned cooperative which has been in business for over 40 years, serving over 40 different rural Alaska villages, urge the passage of this resolution.

Sincerely,

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

HWJ/ga

cc: Rep Adelheid Herrmann  
Rep Al Adams  
Rep Peter Goll  
Rep Lyman Hoffman  
Rep Kay Wallis  
Rep Heinrich Springer  
Sen Willie Hensley  
Sen Fred Zharoff  
Sen John Binkley  
Sen Sturgulewski  
Sen Halford  
Sen Uehling  
Sen Szymanski  
Sen Lloyd Jones  
Sen Jay Kurtula

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.