

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6198 HOUSE TRANSPORTATION

602

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ALASKA OIL SPILL COMMISSION

January 30, 1990

STEVE COWPER, GOVERNOR

707 A STREET, SUITE 202  
ANCHORAGE, AK 99501  
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FAX: (907) 279-4307

Walter B. Parker, Chairman  
Esther Wunnicke, Vice Chairman  
Margaret J. Hayes  
Michael J. Herz  
John Sund  
Timothy M. Walls  
Edward Wank, Jr.

Dear Mr. Ken Johnson:

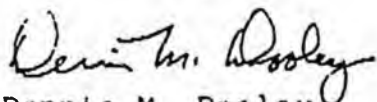
During our phone conversation yesterday you requested additional information regarding the date of 1999 as a requirement for tankers serving in the Alaskan Trade be operating with double hulls.

This requirement was suggested as a practical solution for timely replacement of tankers serving Alaska given the consideration(s) of an ageing fleet, declining throughput of the Alyeska Pipeline and national shipbuilding capacity.

The 1999 date is an attempt to ensure the Alaskan Oil Trade will receive a premier role in achieving the standards being proposed for the nation -- the commission felt that as Alaska is the nation's number one oil producer with the highest resource risk it would be appropriate for tankers operating in Alaskan waters be assured a first right basis for limited ship building capacity.

I will be available for telephone conference if the Transportation Committee desires until 10:00 AM, January 30, 1990. My number is (907) 258-6545.

Sincerely,



Dennis M. Dooley  
Technical Coordinator



**Shipbuilders  
Council of  
America**

1110 Vermont Avenue, N.W.  
Washington, D.C. 20005-3553  
202-776-9060

January 12, 1990

*Stan*  
To The Editor:

Your January 9 article, "Double Bottom Doubts" presents several arguments for why Congress should not mandate double bottoms and double hulls on oil tankers entering U.S. ports as a solution to preventing catastrophes such as the EXXON VALDEZ oil spill. Several of those arguments are based on incorrect facts and deserve to be clarified for your readers.

The article cautions Congress on not mandating a technological solution when there may be more cost-effective ways to deal with the problem of safety. Your example of a less costly alternative is to require tankers to have internal vacuum pumps that could hold oil in if the hull of a ship is ruptured. This option would certainly be cheap, and in fact, is the alternative strongly endorsed by the oil industry. The question is would it be an effective alternative.

Naval architects and other experts in the field of tanker designs have recommended vacuum pumps as an added safety feature, but they are by no means being recommended as a substitute or viable alternative to a double bottom or hull. In the case of a collision, a vacuum pump would provide no protection in reducing or preventing a spill. Any time a tank is ruptured on its side, the pump could not possibly maintain air tightness in the tank which is how this system works. It has been estimated that a vacuum pump would be effective in less than 10 percent of tanker accidents. By comparison, a double hull would be effective in 90 to 96 percent of all collision incidents and 70 to 96 percent of all groundings. No other technology or safety feature can provide anywhere near the protection of a double hull.

The Coast Guard conducted an analysis following the VALDEZ accident and concluded that as much as 60 percent of the oil spilled would have been prevented if the ship had a double bottom. That estimate is based strictly on actual tanks punctured. It does not take into account the amount of oil from those punctured tanks which would not have been lost because it would have been trapped in the empty space between the two hulls. Although your article referred to this study, it is troubling that a 60 percent reduction was treated as "no big deal". Sixty percent of 11 million gallons is 6.6 million gallons. I doubt very seriously that pollution prevention of 6.6 million gallons of oil would be considered a little thing by the people of Alaska and elsewhere who have witnessed the vast destruction to Alaska's wildlife, marine life, and its coastal waters. A spill of 6.6 million gallons would constitute the third largest oil spill disaster ever in American waters!

Eight of eleven oil tanks on the EXXON VALDEZ were punctured.

Since the Coast Guard study, naval architects and engineers have examined the actual ship and estimate that only three of the eleven tanks would have been punctured with a double bottom resulting in a 75 percent spill reduction. The reason for fewer tanks actually being punctured is based on the fact that a double bottom ship comes much harder aground which prevents ship movement resulting in additional tank damage after the initial impact. The oil industry has long argued that because a double bottom makes the ship ground firmer that it could cause the ship to capsize, or sink, or at a minimum make salvage more difficult. Studies, and actual case analysis, by the Coast Guard and Office of Technology Assessment have determined just the opposite. A firm grounding is beneficial in the salvage operation. Had the EXXON VALDEZ come off Bligh Reef, for example, it would have sunk according to the Coast Guard.

The less oil spilled and the slower the rate of discharge, the more time available for cleanup response. The VALDEZ lost its 11 million gallons of oil in five hours. If it had been a double hull ship, the actual oil lost would have occurred over a 12 to 24 hour time period. This would have allowed more time for response and would have reduced the overall cleanup effort by 75 percent.

The mere suggestion that mandating double hulls is premature ignores the benefits of double hulls, and the long history of this issue. Former President Jimmy Carter instructed the Coast Guard to make double bottoms mandatory in 1976 and to negotiate that requirement internationally. The International Maritime Organization, IMO, a United Nations affiliate, rejected the U.S. proposal because of oil industry opposition world wide. The same situation exists today. In 1978, the oil industry's more cost-effective alternative was to require segregated ballast tanks. Segregated ballast tanks only cover 40 percent of a ship's periphery. As the EXXON VALDEZ illustrated, segregated ballasts provide very little oil spill prevention in a grounding. In the case of a collision, they do provide some protection if the point of contact occurs in that 40 percent area where a ballast tank is located. Today, as in 1978, the oil industry is arguing that there is a better, more cost-effective solution - vacuum pumps. Even though vacuum pumps, as I mentioned earlier, are inexpensive and do provide some benefit, IMO rejected them two years ago as ineffective.

The Alaska Oil Spill Commission, in its December 8 report, recommends double hulls for tankers and several additional design upgrades such as auxiliary thrusters, a navigation display system, an automated cargo control system, and centralized bunker tanks. The Commission's analysis shows that with all of these features incorporated into tankers, the increase in capital construction cost would be ten percent. Over the fifteen year life of a 250,000 dwt tanker such as the VALDEZ, the increased capital cost would result in an increase in the cost of a gallon of gas at the tank of only \$0.0013 or .1 percent of a penny.

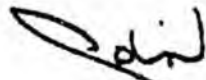
This cost increase does not factor in the operational savings that would be realized with a double hull tanker. For example, the oil in the bottom of the cargo tanks on a single hull tanker cannot be pumped out for lack of pressure. This results in wasted cargo carrying capacity. With a double hull tanker, all the oil could be offloaded because the portion at the bottom would be drained from below in the space between the two hulls.

A double hull tanker would also lower the cost of vessel insurance.

Tanker safety and double hulls have been studied exhaustively. The argument to wait for the completion of yet another study by the National Academy of Sciences only postpones long overdue safety upgrades. Now is not the time for study, but for decisive concrete action. It is interesting to note that the Committee on Tank Vessel Design, which was formed to do the study for the National Academy of Sciences, does not even include a shipyard representative. One would think that a panel dedicated to the study of ship designs would benefit from the experience and expertise of a shipbuilder. The panel will, nevertheless, include at least two representatives from the oil industry.

Since the late 1970s, there have been no safety upgrades to oil tankers. This record clearly illustrates industry's lack of dedication to safety and its unwillingness to impose self-discipline. The only way to provide the maximum protection to our environment is for Congress to endorse the House passed version of the oil spill bill which mandates double bottoms and double hulls. Anything short of a legislative mandate will result in a less than acceptable alternative.

Sincerely,



John J. Stocker  
President

Mr. Stanford Erickson  
General Manager  
THE JOURNAL OF COMMERCE  
110 Wall Street  
New York, NY 10005

# Double Bottom Doubts

A STRONG BILL TO COVER THE COST OF cleaning up oil spills stands on the verge of congressional passage. The most controversial issue facing the House-Senate conference committee when it meets this week is whether tankers entering U.S. ports should be required to have double bottoms and, eventually, full double hulls. The need for greater tanker safety is unquestioned, but Congress should be wary of mandating a specific technological solution when there may be more cost-effective ways to deal with the problem.

A double bottom is a second underside on a tanker, separated from the outer hull by an air space as much as 9 feet thick. A double hull is an upward extension of this structure to cover the entire hull. According to U.S. Coast Guard studies, double hulls help keep a vessel's oil tanks intact even when its outer hull is ruptured in an accident, diminishing the size of oil spills and preventing many of them.

When it approved the oil spill legislation last November, the House provided that all tankers entering U.S. ports must have double bottoms within seven years and the more-costly double hulls within 15 years. The Senate mandated that all new tankers be built with double hulls, unless the secretary of transportation determines that they will not enhance safety, but it imposed no requirements on the estimated 2,200 tankers now in service around the world.

Just under 600 of those tankers now have double hulls; 12 of them operate under the U.S. flag.

The debate over the merits of double bottoms is an old one. Back in 1978, the United States pushed the International Maritime Organization, a United Nations affiliate, to require all tankers to have them. When resistance from other countries killed that initiative, Congress backed off from requiring them on ships in U.S. waters, mandating instead that smaller tankers have either crude oil washing systems, which clean tanks in an environmentally safe manner, or segregated ballast tanks, which form a buffer between the cargo tanks and certain parts of the hull.

As international interest in enhancing tanker safety has increased over the last decade, other nations have taken the lead on double hulls. Scandinavian countries are considering requiring all tankers entering their ports to have double hulls. In an effort to achieve the same end through economic means, Finland, at year's end, started taxing single-hulled tankers calling at its ports 20 cents a barrel, while charging double-hulled tankers only a fraction as much.

Double hulls would help reduce the number of spills stemming from low-impact accidents. But they would not necessarily reduce the number of large-scale catastrophes. In the case of the Exxon Valdez, which spilled 11 million gallons of oil despite segregated ballasts, a full double hull would not have reduced the spill by more than half, according to a Coast Guard analysis.

And in some cases, double hulls actually may make spills worse. Flooded double bottoms make ships more difficult to salvage. Seawater in between the hulls increases instability and weight, which under some circumstances causes a ship to capsize or sink. Vaporized oil between the hulls can pose a fire hazard to salvage workers' cutting torches.

The limited protection double hulls afford doesn't come cheap. Installing one adds from \$5 million to \$30 million to the \$90 million cost of an average new tanker. The Coast Guard estimates the costs in the lower end of that range; tanker operators figure it to be near the high end.

Mandating double hulls is premature, because there may be more efficient ways of enhancing tanker safety. One alternative is to require tankers to have internal vacuum pumps that could hold oil in if the hull is ruptured. Another lower-cost alternative is to reduce current allowable tanker loads by about 20% by limiting storage of oil above the waterline. This would reduce the internal pressure that forces oil into the water when the hull is ruptured.

At the behest of the Coast Guard, a panel of the National Academy of Sciences is examining tanker safety. The interim report, due in June, is expected to yield information about the relative costs and benefits of double hulls and other alternatives.

Congress should not prejudge the results of that study by mandating double hulls at this time. In the wake of the disastrous Exxon Valdez spill, there is good reason to require enhanced safety features for oil tankers. But Congress should allow tanker operators to adopt or develop the most cost-effective technology to reduce spills, rather than mandating a specific technological fix.



# Representative Bette Cato, Chair House Transportation Committee

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
Cliff Grol	Dept. of Revenue					<input checked="" type="radio"/> Y <input type="radio"/> N	<del>HJR</del> HJR
Bill Glude	AK Enviro. Lobby	PO Box 22157 JUN	99802	586-5806 <del>465-5366</del>	463-3366	<input checked="" type="radio"/> Y <input type="radio"/> N	HJR 72
Molly Kemp	A.E.L.	"	"	-	"	<input type="radio"/> Y <input checked="" type="radio"/> N	HJR 72
Bob Dindinger	Alaska Visitors Association	9085 Glacier Hwy JUN 99801		789-5165	789-0052	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 431
Dana Brockway	Div of Tourism	Box E Juneau 99811	99811		465-2012	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 431
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
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						<input type="radio"/> Y <input type="radio"/> N	

**H J R**

**73**

# HOUSE COMMITTEE REPORT

(5)

Date Referred: March 7, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/15/90

The TRANSPORTATION Committee considered:

HJR 73

HOUSE JOINT RES. NO. 73

AIR TRAVEL BETWEEN ALASKA AND USSR

Relating to air travel between Alaska and the Soviet Union.

### RECOMMENDATIONS:

- be replaced with C.S.HJR 73 (Foreign Trade)  the same title  
 have attached amendment(s)  a new title  
 do pass  
 do not pass  
 no recommendation  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_  
 zero fiscal note \_\_\_\_\_  
 zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_  
 zero fiscal note(s) (CEDC)  
 zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass  
No Rec  
Amend

\_\_\_\_\_  
Bill Hudley  
Drew A. Luman  
Richard J. Jolley  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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	Do Not Pass	No Rec	Amend
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Richard J. Jolley  
Chairman's Signature

# Kay Brown

## Alaska State Legislature House of Representatives

TO: Representative Richard Foster  
Chairman  
House Transportation Committee

FROM: Representative Kay Brown

DATE: March 5, 1990 *Kay*

RE: CS HJR 73 (Foreign Trade)

I am submitting to you a request for a hearing on CS HJR 73 (Foreign Trade), relating to air travel between Alaska and the Soviet Union. Briefly, CS HJR 73 (Foreign Affairs) would direct the Governor and the Alaska delegation in the United States Congress to

- o encourage the establishment of regularly scheduled air routes between cities in Alaska and the USSR;
- o direct the appropriate federal agencies to coordinate and simplify the landing procedures for Soviet charter flights to Alaska;
- o direct the appropriate federal agencies to negotiate with their Soviet counterparts to simplify the international air notification requirements.

On February 16, 1990 a Memorandum of Cooperation was signed by the United States Federal Aviation Administration and the Soviet Ministry of Civil Aviation. The immediate effect was that Bering Air, Inc. is now allowed to operate charter flights between Nome Alaska and Provideniya, Magadan Oblast without carrying a Soviet navigator. The F.A.A. and Ministry of Civil Aviation 50-page memorandum has not yet arrived in the Governor's Office of International Trade, but it reportedly addresses dedicated radio channels and up-to-date weather information for pilots flying between Alaska and the Soviet Far East.

In London, on March 2, 1990 A Memorandum of Consultation was agreed between representatives from the U.S.A. State Department and the U.S.S.R. Ministry of Foreign Affairs. It was agreed in principle to establish additional Atlantic air routes and establish a North Pacific air route from points in the USA to Magadan and Kabarovsk. It was agreed upon to establish a new Pacific air route from a point or points in the USSR with a mandatory stop in Anchorage with landing rights in San Francisco. Another work session between representatives from the U.S.A. State Department

and the U.S.S.R. Ministry of Foreign Affairs is scheduled for April. It is possible that the memorandum of consultation will be finalized during the April meeting or at the Gorbachev-Bush Summit to be held in Washington D.C. in June.

HJR 73 is a timely resolution and demonstrates that the Alaska State Legislature recognizes the benefits that will accrue from facilitating and fostering business, trade, cultural, scientific, and educational contacts with the Soviet Far East

Thank you for your consideration.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: Air travel between Alaska BRU: Tourism  
and the Soviet Union  
 Sponsor: H. Spec. Comm. on Foreign Trade Components: \_\_\_\_\_  
 Requestor: H. Spec. Comm. on Foreign Trade

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

Prepared by: Dana Brockway, Director Phone: 465-2012  
 Division: TOURISM Date: \_\_\_\_\_  
 Approved by Commissioner: Larry Mercuri Date: 6 Feb 90  
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

**Resolution of the Alaska Municipal League**

**Resolution No. 90-16**

**A RESOLUTION REQUESTING THE STATE AND FEDERAL  
GOVERNMENTS TO WORK TOWARD REMOVING REGULATORY  
OBSTACLES TO EXCHANGES WITH THE SOVIET FAR EAST**

WHEREAS, Alaska and the Soviet Far East have a common interest in promoting cultural, governmental, and commercial trade;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League requests the state and federal governments to work toward the elimination of regulatory obstacles to travel, communications, and trade in the Soviet Far East through the diplomatic process.

*Adopted at: Annual Business Meeting on November 17, 1989 in Juneau, Alaska*

(DER) 3-5-90

3-5-90 (DER)

*International Trade***U.S., SOVIET TRADE NEGOTIATIONS 'ON TARGET'  
FOR PACT TO BE SIGNED IN JUNE, OFFICIAL SAYS**

The United States and the Soviet Union, after two rounds of negotiations on a new bilateral trade agreement, continue to have "differences," but the agreement still is likely to be signed on schedule next June, the head of the U.S. delegation to the negotiations said March 2.

"I think we're precisely on target," Julius Katz, deputy U.S. trade representative, told reporters. "I'm confident we can do this in time."

Katz said the differences between the United States and the Soviet Union continue to focus—as they did during the first round of talks in Washington Feb. 12-13—on "a preference on their side for a very simple agreement merely exchanging MFN [most-favored-nation trade status] and, on our side, a need for a more detailed elaboration of provisions which are designed, in our view, to assure a better balance of commercial opportunity."

The U.S. official, speaking with reporters by telephone from London, where the talks were held March 1-2, said the latest round of discussions was devoted almost exclusively to examining "article by article, on a kind of first run through" the draft text of an agreement presented to the Soviets by the United States late last month. The official refused to disclose the details of the U.S. proposal, saying, "We're not going to negotiate the text in public."

However, according to Katz, "We are in no sense at an impasse on anything. Where there were problems or objections, they were noted for further examination or for further consideration. Nothing is hard and fast. I think most things were presented in terms of preferences. In some cases, I think they [the Soviet negotiators] indicated an inability to go along with [the U.S. suggestions], but even in those cases they said, 'Well, let's think about it some more, and think if there isn't some other way we can do it.' We haven't encountered anything that I would say at this point is impossible."

*Next Round Later This Month*

Katz said the two sides would now prepare for the next round of talks, scheduled for the week of March 19 in Vienna, "which is more likely to be a negotiation in the sense of actually trying to draft articles."

At their summit meeting in December 1989, President Bush and Soviet General Secretary Mikhail Gorbachev agreed to order their negotiators to begin talks on concluding a bilateral trade agreement in time for signing at their next meeting, tentatively scheduled for June.

Katz told reporters March 2 the two countries were due to begin talks on a separate investment-protection agreement, also ordered by Bush and Gorbachev at their December summit meeting, in Washington March 12-13.

At a congressional hearing March 1, Commerce Secretary Robert Mosbacher said it is "imperative" that the U.S.-Soviet trade agreement contain "offsetting benefits" for U.S. exporters, because granting reciprocal MFN status under the agreement likely would result in greater opportunities being opened up for Soviet exporters than it would for U.S. companies hoping to increase sales to the Soviet Union (42 DER A-1, 3/2/90). He said he had in mind such things as the abolition of "onerous" registration requirements that constrain the ability of American companies to do business in the Soviet Union.

*Differences Over Intellectual Property*

According to Katz, the talks in London March 1-2 also revealed continuing differences between the two sides over the issue of protecting intellectual property, with the Soviet negotiators indicating that they would be satisfied with some general statement on the subject and the U.S. delegation seeking "greater detail and greater commitment."

However, Katz maintained that none of the difficulties encountered so far in the negotiations is "insuperable," and that the "mental target" for concluding the talks remains the end of April, although "that may be a little more ambitious than practical." He said the two sides "really want to finish it in early May, in any event."

"We want to get it out of the way as soon as we can, and that's their view as well," Katz said. "Apart from formulations of words, I don't see any insuperable difficulties at this point. I don't see anything now that is insuperable."

Katz described the Soviet negotiators as "business-like" and "serious." □

# Soviet-Alaska air pact nears takeoff

By DEAN FOSDICK  
Associated Press

The way is being cleared for new air routes across the North Pacific, with several airlines expressing interest in flying people and cargo between Alaska and the Soviet Far East.

Regional cooperation is speeding agreements between both areas because the deals don't have to be cleared first in Moscow or Washington, D.C., FAA spokesman Paul Steucke said Thursday.

"The Federal Aviation Administration and the Soviet Union's Ministry of Civil Aviation have been given a green light to begin negotiating on a regional level so we can resolve prob-

lems that exist and open up regular air commerce between the two areas," Steucke said.

The Soviet Union and Alaska soon will begin exchanging air traffic controllers and meteorologists, he said.

Both nations are working to get navigation aids set on common frequencies, and weather information also will be shared, Steucke said.

"A scheduled carrier cannot take off . . . without knowing what the weather is at the destination," he said. "That's a legal requirement."

Designating Provideniya as an international airport also may ease the way for more flights between Alaska and the Soviet Union. That could involve customs inspectors being sta-

tioned at Provideniya and Nome, Steucke said.

"Once we get the aviation system established, that should make it easier for those carriers to get permission to operate in the Soviet Union," he said.

"In addition to opening things up for tourism, it may provide a lot of opportunity for cargo. I understand now it has to go from here to Tokyo and back up (to the Soviet Union)," Steucke said.

Bering Air, which operates out of Nome, has been making charter flights to Provideniya since last summer.

Alaska Airlines has been negotiating with the Soviets for scheduled air

service into the country for more than a year.

"We're open to (serving) Provideniya, but longer-term opportunities for us are the larger cities," said Lou Cancelmi, an Alaska Airlines spokesman in Seattle. "But that's all government-to-government stuff."

Markair withdrew its application for a route into the Soviet Far East but probably will renew it once the links are established, a spokesman said.

Northern Air Cargo said it would be interested in flying its prop-driven DC-6 aircraft to and from the Soviet Far East.

# KAL chooses Siberian route

## Airline's new flight plan will cut into Anchorage airport revenue

By HAL BEHNTON  
Daily News reporter

Korean Air plans to end Europe-Asia passenger flights through Alaska in favor of a Siberian shortcut opened by the Soviet policies of glasnost.

The Alaska bypass would cost Anchorage International Airport an estimated \$3.85 million in landing fees and other revenue, or about 7 percent of last year's operating budget, according to airport officials.

"This is a big hit, no doubt," said Mark Butler, marketing di-

rector of the Alaska International Airport System.

The Anchorage pull-back by one of the airport's largest users is scheduled to take effect March 25. "It's almost 99 percent certain," said K.M. Moon, the airline's Anchorage station manager.

Korean Air, like most international carriers, uses Anchorage as a refueling stop on long-haul flights, funneling its passengers into airport duty shops during the one-hour break.

Korean Air plans to divert all

18 weekly Europe-Asia flights to a Siberian route that cuts about four hours off the 18-hour route through Anchorage, Moon said.

Another 13 weekly passenger flights between New York and Asia will remain routed through Anchorage, as well as 39 cargo flights.

Korean Air's route changes are part of a major shift away from Anchorage by international carriers eager to cut passenger travel time by flying the shorter Siberian route. Lufthansa has already pulled out of

Anchorage and Japan Air Lines says that by 1991 it will cut Anchorage stopovers from 17 flights a week to four. Most other international airlines flying through Anchorage also have announced shifts to the Soviet route.

Until recently, it appeared Korean Air would be one of the last to leave Anchorage due to the chilly relations between South Korea and the Soviet Union. In 1984, a Korean Air

Please see Page C-6, KAL

### KAL: Diverting passenger flights

Continued from Page C-1

passenger jet was shot down by the Soviets when it strayed into Siberian airspace. "As a result, they have been the last carrier to begin negotiations with the Russians," Butler said.

Moon said the company has been planning a Siberian route for many months. In January, Korean Air got permission for a temporary route through Siberia to avoid volcanic ash from Redoubt Volcano.

Moon said Redoubt's continued eruptions have helped speed up the airline's partial withdrawal from Anchorage, advancing the schedule several months.

Korean Air's pull-out cuts about 16 percent of the lucrative international passenger travel through Anchorage. While planes refuel at the airport, passengers buy furs, liquor, cigarettes and dozens of other items at the international terminal's Duty Free Shoppers concession.

The airport receives up to 19 percent the Duty Free sales revenue, and that money provides a major share of its operating budget, Butler said.

Duty Free employs about 260 people at the international terminal, and the company has not yet decided whether to lay off any employees, said William Foss, a senior vice president for Duty Free Shoppers. "The (Korean Air) decision obviously came as a great disappointment to us," Foss said.

Airport officials also are trying to expand the airport's already booming cargo traffic, much of which results from North America-Asia trade. Cargo traffic through Anchorage increased 12 percent last year, further consolidating Anchorage's claim as the number one cargo airport in the nation.

But cargo flights can't match the revenue generated by international passenger flights. They offer no tourists to pump currency into duty free shops, and require smaller flight crews in need of lodging.

According to airport statistics, it takes nearly five air freight flights to equal the airport revenue provided by one passenger flight.

The loss of flights through the airport also will ripple through other segments of the Anchorage economy. Korean Air relies on an Anchorage caterer to provide meals and lodges its crews in downtown hotels.

Much of the airport revenue lost by Korean Air's flight diversions may be made up by increasing rates charged other airport users, said Butler. "It will raise the cost of flying here," Butler said. "And may raise tickets."

But airport officials also are seeking to gain revenue through new business.

They are promoting Alaska to international tourists, hoping that will persuade some carriers to view Anchorage as a destination, rather than a refueling point.

## Opening of Soviet Union interests interests airline officials

By JEFF BARNARD

The Associated Press

Alaska Airlines executives say they are encouraged by a preliminary agreement that could lead to the first scheduled air service to the Soviet Far East by the summer of 1991.

"It's definitely a market we think has a lot of potential and will and should open up," Doug Versteeg, vice president for administration, said Friday from his office in Seattle.

"We see tourism as the biggest component of the market. Tourists we bring to Alaska already each season

we think would be interested in extending their trip to the Soviet Far East."

U.S. and Soviet negotiators meeting in London on Thursday announced an agreement in principle to open commercial air service between Anchorage and the Soviet Far East cities of Magadan and Khabarovsk.

If a final agreement is reached, Alaska Airlines hopes to offer two to three flights a week during the summer, starting in 1991.

Versteeg said it was too early to project how many people might take advantage of the planned service, but

he foresaw business people already traveling between the United States and the Soviet Union using the routes as well as tourists.

"Both countries want to do business," he said.

Gov. Steve Cowper said the memorandum of consultation between the two countries could lead to regular

air travel to other Soviet cities by American carrier and service by the Soviet carrier Aeroflot to San Francisco.

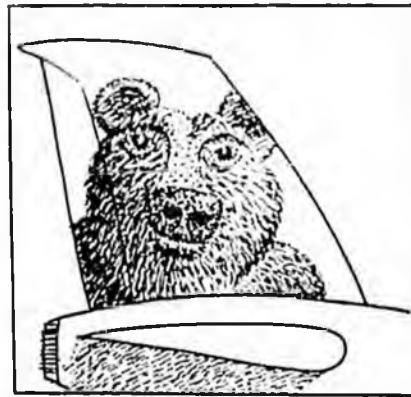
"Regular air service to the major cities in the Soviet Far East is the ticket to permanent relationship with our Soviet neighbors," Cowper said.

# Crossroads

## *Glasnost transforms Anchorage air traffic*

Glasnost in the Soviet Union has been good to Alaska in many ways. The Soviets' greater openness has thawed the ice curtain between Alaska and Siberia. It has allowed Native families here to visit their Soviet relatives and has stirred a whirlwind of cultural, scientific and business exchanges.

But when it comes to Alaska's historic role as a



transcontinental airline hub, glasnost is a more mixed blessing. It has started to cut into the heart of Anchorage's aviation trade, servicing jets on polar routes between the Lower 48, Europe and Asia.

Before glasnost, flights between Europe and Asia had to skirt

Soviet territory. Anchorage and Fairbanks served as friendly refueling outposts. Now the Soviets are opening their skies. Carriers can fly direct, skipping their Alaska stops. Korean Air Lines announced last week it will route 18 flights a week across Siberia instead of Alaska. Most other international carriers stopping here have made or plan similar moves.

But glasnost brings a new set of aviation opportunities, too. Under a U.S.-Soviet deal nearing fruition, Anchorage will become a hub for flights between the United States and the Soviet Far East. Several Alaska carriers hope to enter the new market.

One of Alaska's best assets going into the 1990s is our role as the back door between the Lower 48 and the Soviet Far East. As U.S.-Soviet trade and ties grow, so will air traffic in Anchorage. Serving the Soviets will help win back some of the air trade lost to glasnost. Anchorage can still be the Air Crossroads of the World, but glasnost will force the city to work harder at keeping the title.

# Route

Continued from page E-1

UPS has 150 employees in the state and four flights a day through Anchorage International Airport. UPS is the only company that delivers to all U.S. addresses, including those in Alaska, Kuelpman said.

Emery has seven employees in Alaska but delivers statewide through local contractors, Critchley said. Emery is a division of Consolidated Freightways Inc., a \$4 billion trucking and freight forwarding company.

Emery has operated more than 100 cargo flights through Fairbanks over the past two years, said Dave Carlstrom, spokesman for Fairbanks Industrial Development Corp. "They have had a positive experience here, facility-wise and personnel-wise," he said.

Emery runs three flights a week to East Asia through Anchorage, Critchley said. The company does not run scheduled flights through Fairbanks at this time, he added.

"Because of Emery's choice of Fairbanks in the grand overall scheme of things for the state,

Emery is the better choice," Carlstrom said. The Fairbanks Industrial Development Corp. has petitioned the judge to intervene in the proceedings on behalf of the municipality and civic groups in the city.

"We are real disappointed that the senators would play this kind of parochial partisan kind of politics. Not only is it bad for Anchorage but for the entire state," said Scott Hawkins, president of the Anchorage Economic Development Corp.

AEDC has applied to participate in the proceedings on behalf of Anchorage and UPS, he said.

"The best thing is to develop one major cargo hub in Anchorage," Hawkins said. It does not help the state to divide the cargo business between two airports several hundred miles apart, he said.

"The warehousing and distribution for Alaska's oil industry is out of Anchorage," he said, disputing Stevens' position that oil pipeline equipment must be shipped via Fairbanks.

The Alaska seafood industry faces a shortage of air cargo capacity to eastern Asia, Hawkins said. Moving additional cargo flights to Fairbanks will not help the industry, he said.

# Fairbanks backed for air route

By DOUG FORD  
Times Business Writer

Alaska Sen. Ted Stevens and Frank Murkowski have thrown their support for a potentially lucrative new United States-Japan air cargo route behind an Emery Worldwide ACF Co. proposal to use Fairbanks as its U.S. gateway, Stevens confirmed Tuesday.

Emery is competing with a United Parcel Service proposal to use Anchorage as an entry and exit point for the Japanese market.

As a result of last year's bilateral air-line agreement between the United States and Japan, a new U.S. cargo carrier will gain landing rights in Japan beginning in October 1990.

Emery, with its cargo hub in Dayton, Ohio, and UPS, with its center in Louisville, Ky., are the leading applicants for the route.

Both airlines are trying to lure up state and community support for their proposals. A U.S. Transportation Department administrative law judge will

"That a senator (Stevens) from Anchorage would support Fairbanks rather than Anchorage surprised us," — Doug Kuelpman, UPS

use various criteria in awarding the route, including civic support and economic impacts.

"Heavy freight service between Dayton and Tokyo is essential for keeping the pipeline restoration (corrosion repair) project on schedule," said Stevens in a prepared statement read to The Times by his Washington, D.C. office.

Dayton is a center for pipeline suppliers, the statement said.

Murkowski's office would not confirm that the senator had supported Emery's application.

"Emery is pleased with the senators'

support," said Michael Critchley, Northwest division manager for Emery. "You can't ask for more support than that."

Doug Kuelpman, public affairs manager for UPS, said his company was shocked and disappointed at the news of the senators' support for the Emery application.

"That a senator (Stevens) from Anchorage would support Fairbanks rather than Anchorage surprised us," Kuelpman said. Murkowski, who is from Fairbanks, was expected to back Emery, Kuelpman said.

Congressman Don Young has not taken a public position on the issue. Gov. Steve Cowper remains neutral, supporting both applications, said Dave Ransauer, the governor's spokesman.

Due to the size of UPS' Alaska and worldwide operations, many industry analysts view UPS as the leading applicant. The company had \$11 billion in sales last year.

See Route, page E-4



U.S. Sen. Ted Stevens ... prefers Emery to UPS

# Northern Air seeks Soviet Union route

The Associated Press

Northern Air Cargo has applied for rights to open air cargo service between Alaska and the Soviet Far East in anticipation of an aviation agreement being adopted this summer between the two nations, the carrier's president said Tuesday.

Wilson Hughes, Northern Air president, said the company has applied to fly once a week between Anchorage and Magadan, a regional center on the northern shore of the Sea of Okhotsk.

Hughes said he expected to be carrying construction materials and consumer goods, such as snow machines, chain saws, televisions and VCRs, on the 1,700-mile trip to Magadan, and returning with Soviet goods such as vodka, furs and refined metals.

Hughes said he believed there was a pent-up demand in the Soviet Far East for American goods.

Northern Air still has questions about the quality of fuel, ground handling, flight control and weather information that will be available in Magadan, Hughes said.

The company serves the far-flung reaches of Alaska, flying into the towns and villages scattered throughout the nation's biggest state.

ISER WORKING PAPERS

Alaska and Soviet Far East  
Current Events Brief

John Tichotsky  
Institute of Social and Economic Research  
University of Alaska Anchorage  
3211 Providence Drive  
Anchorage, Alaska 99508  
(907) 786-7710

DRAFT  
NOT FOR CITATION

February 1, 1990

Note: this is the first draft when the concept of the paper was meant to have more depth. Due to funding, a less detailed 4 page summary will be coming out in about 2 weeks.

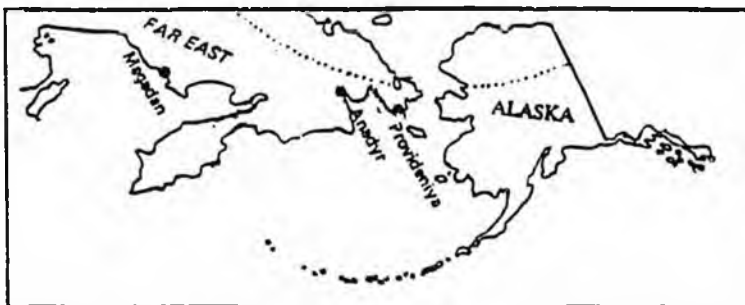
# THE SOVIET FAR EAST

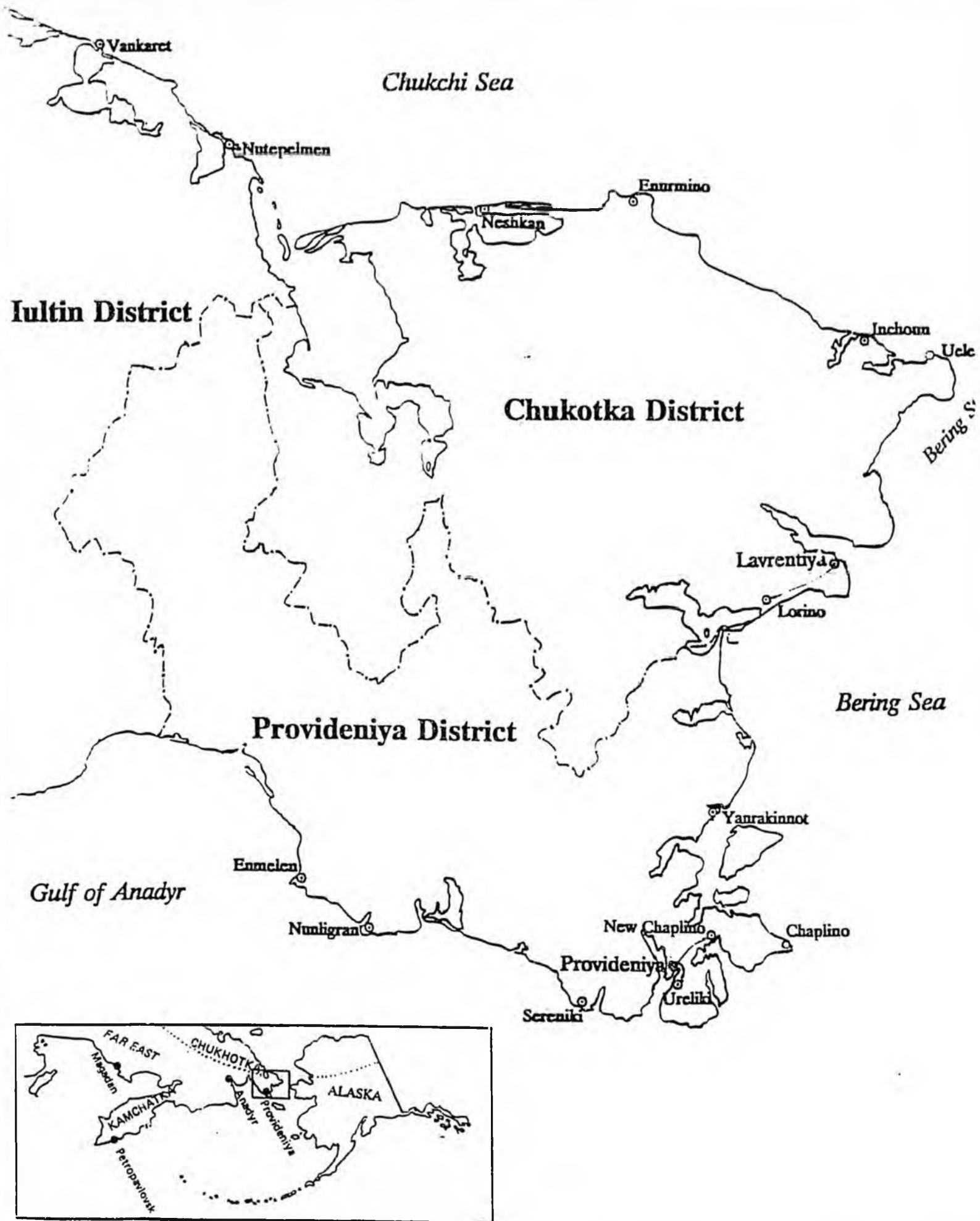


## THE SOVIET UNION



## THE SOVIET FAR EAST AND ALASKA





## TRANSPORTATION (Air Transportation)

### STATUS REPORT:

The January visit by Victor TREZUBOV, Head of the Magadan Department of the Ministry of Civil Aviation, gave Alaskans added insight to the problems behind aviation links. Mr. Trezubov commented that the recent insistence by the Soviet government for a Soviet Navigator for Bering Air flights from Nome to Provideniya is a result of the Ministry of Defense asserting its jurisdiction in what was thought to be a Ministry of Civil Aviation affair. Flying a Soviet navigator to Alaska adds about \$10,000 dollars to a chartered flight and makes it cost prohibitive.

Trezubov's visit was followed by a working group of commercial specialists to improve the system for chartering Aeroflot flights to Alaska.

Chartered flights by Aeroflot are the only flights now operating between Alaska and the Soviet Far East. These flights include three November flights for the Government Agricultural Committee of the USSR (one for INDIAN VALLEY MEATS, an Alaskan game processing company and EUGENE ENTERPRISES, a California trading company); a flight for a Rotary exchange with SOVIET BROKER, a joint-venture brokerage company) and a Soviet hockey team from Khabarovsk that flew to Fairbanks .

In latter half of January included a return trip for the Khabarovsk hockey team, a cargo Il-76 (similar to a Hercules with jet engines) that flew over with medical supplies and a CAT scanner for the Magadan Region and a TU-154 (a passenger jet plane) that transported an exchange between the Soldatna school district and Magadan School #1.

Difficulties between the Ministries will probably be one of the major barriers to Alaska-Soviet Far East Flights. In early December INDIAN VALLEY MEATS had problems flying to Alaska because the Provideniya Border Guards would not allow the Soviet flight crew to fly to Alaska without visas, even though they had a visa waiver from the U.S. State Department.

Problems still exists in Soviet officials properly informing U.S. Customs, Immigrations and the State Department of the Aeroflot charters. Local Magadan Ministry of Civil Aviation officials are poorly coordinated and informed by the Moscow Ministry of Civil Aviation. On his trip Victor Trezubov met with Alaska Airlines, Anchorage Customs and Immigration during his recent trip to discuss and improve lines of communication between the Soviets and Alaskans.

Currently, all flights have been chartered flights. Regularly scheduled flights involve complicated negotiations between the Soviet Ministry of Foreign Affairs and the U.S. State Depart. There are continuing moves toward scheduled flights by Alaska Airlines.

Mark Air is considering flights to Leningrad. There has been a proposal by the Soviets for a joint-venture between an Alaskan airline and Magadan Aeroflot as a plan to circumvent the Soviet navigator clause for flights to the Soviet Union.

Aeroflot has plans to use four types of airplanes. Tupolev 154 (TU-154), Ilyishin 76 (IL-76) and the Antonov 24 and 26 (The AN-24 and 26), the AN-26 is a cargo version of the AN-24.

The Soviets intend to also have a modified IL-76 that will be able to carry 44 metric tons of cargo. In addition, the IL-76 has a relatively large cargo door that drops from the back (2.93 by 2.96 by 20 meters).

A AN-24 or 26 flying from Provideniya to Anchorage will need 4 metric tons of fuel to return to Provideniya. The cost of which will most likely be the responsibility of the American organization sponsoring the flight.

The Soviets are also planning to introduce the AN-12 cargo plane which can carry 12 metric tons as an intermediate alternative to the An-24 and the IL-76.

Any Alaskan organization ordering or depending on the arrival of an Aeroflot flight should be aware of the process by which Aeroflot secures permission to fly into American airspace.

- 1) Soviet organizations sends a letter to local Ministry of Civil Aviation (MinCivAir)
- 2) Local MinCivAir puts in a request to Moscow Aeroflot (Aeroflot is a "brand" name that MinCivAir uses).
- 3) Moscow Aeroflot sends request to Ministry of Foreign Affairs.
- 4) Ministry of Foreign Affairs sends request to Soviet Embassy in Washington D.C.
- 5) Soviet Embassy sends request to State Department.
- 6) State Department if it approves the flight sends answer to US Embassy in Moscow. The State Department also briefs local, Alaska customs and immigrations (sometimes within 6 hours of the flight). Local customs demands 48 hour notice. (Local Soviet MinCivAir are obligated to follow protocol and cannot directly contact local, Alaskan customs.)
- 7) US Embassy informs Ministry of Foreign Affairs.
- 8) Ministry of Foreign Affairs contacts MinCivAir in Moscow.

- 9) MinCivAir in Moscow informs local MinCivAir.
- 10) Local MinCivAir prepares crew for flight. At the border both the Ministry of Air Defense; the Committee for Government Security (KGB), represented by the Border Guards (*pogranichniki*) and the customs officials (*tomozhniki*) may prohibit the flight from leaving Soviet Airspace.

For basic background see *Alaska - Soviet Far East Air Routes: Opportunities and Strategies*, Gunnar Knapp and John Tichotsky, for the Alaska International Airport System, August 1989.

The following contacts are all related to the complex process and may prove useful in understanding how a chartered flight needs to be ordered.

SOVIET CONTACTS:

Victor Trezubov  
Head of the Magadan Branch of the Ministry of Civil Aviation  
7 Naberezhnaya St.  
Magadan USSR 685000  
Telephone: 2-84-30  
(Responsible for local Magadan MinCiv Air)

Vladimir Srkybnik  
Head of the Far East Branch of the Ministry of Civil Aviation  
6 Komarov St.  
Khabarovsk, USSR 680063  
Telephone: 33-50-80  
Telex: 141126 REIS  
(Responsible for local Khabarovsk, Primorskii and Sakhalin MinCiv Air)

Iraklee Zhurabich Chechibaja  
Head of Washington Office of Aeroflot  
Telephone: 202-429-4922

Vladimir Kcurkov  
North American Director for Aeroflot  
(212) 397-1666

Gennady G. Matveev  
Senior Inspector  
Department of International Relations  
Ministry of Civil Aviation of the USSR  
Leningradsky Prospect, 37  
Moscow 125167, USSR  
Telephone: 155-54-94

Valantine Plehanov  
Moscow Aerflot Official Responsible for International Flights  
Telephone: Moscow 115-54-40

AMERICAN CONTACTS:

State Department, Soviet Desk  
Victoria Nuland  
(202) 647-9370  
*(Has assisted Alaskans in attaining permission for Soviet  
charter flights)*

US Department of Transportation  
Mary Pett  
International Aviation Section  
(202) 366-2370  
*(Is knowledgeable about DOT position on Alaska-Soviet Far East flights)*

Alaska Airport Authority  
Gina-Marie Lindsey  
(907) 266-2542

Mark Butler  
(907) 266-2545  
*(Both have been involved in meetings with Soviet Aeroflot delegations  
on behalf of the State.)*

Local FAA  
Frank Cunningham, Regional Director  
Donald Keil, Deputy Regional Director  
(907) 271-5645  
*(Both have travelled to the Soviet Far East)*

Local Immigrations  
Anchorage International Airport  
(907) 243-1400

Local Customs  
Anchorage International Airport  
(907) 243-4312  
*(Must be informed 48 hours before an Aeroflot flight)*

Alaska Airlines  
Doug Verstig, vice -president  
Jim Johnson  
(206) 433-3379

Bill McKay, Alaska Regional Manager  
*(Alaska Airlines representatives that are dealing with the proposal for  
scheduled flights between Alaska and the Soviet Far East.)*

Alaska Airlines Cargo  
(907) 243-3322  
*(Have loaded cargo for Aeroflot planes)*

Dynair

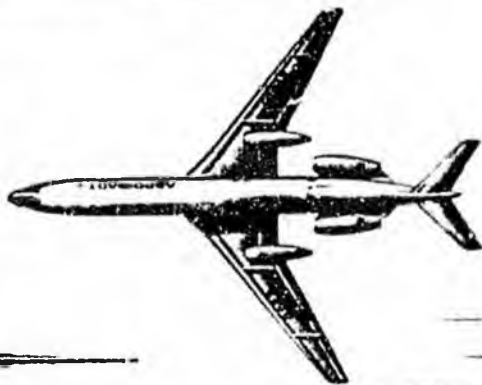
(907) 243-3403

*(Have loaded cargo for Aeroflot planes)*

AEROFLOT JETS AVAILABLE FOR FLIGHTS FROM THE FAREAST



**Ty-154**



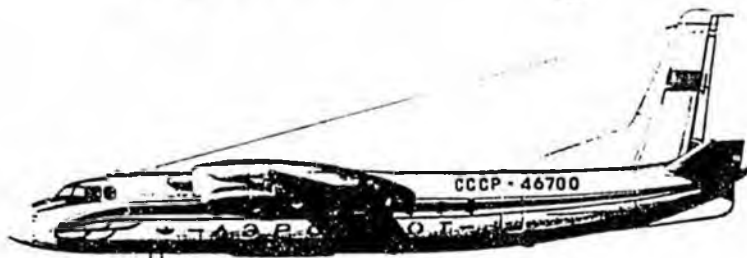
Plane:	TU-154
Number of passengers:	164
Amount of cargo (no passengers, metric tons):	18T
Estimated cost by Aeroflot (roubles an hour):	3,500 r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	25,636 r
Estimated travel time Anchorage-Magadan (hours):	4.42 h
Cruising speed:	900 km/h
Base city:	Magadan
Cargo dimensions (meters):	0.7*1.0*1.8



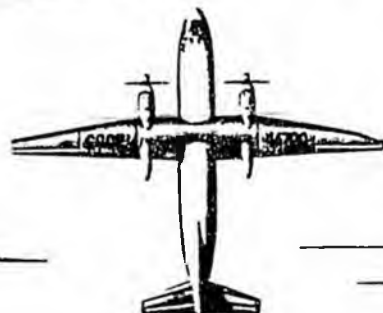
**Ил-76Т**



Plane:	IL-76
Number of passengers:	-
Amount of cargo (no passengers, metric tons):	40T
Estimated cost by Aeroflot (roubles an hour):	6,000 r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	75,348 r
Estimated travel time Anchorage-Magadan (hours):	4.83 h
Cruising speed:	850 km/h
Base city:	Magadan
Cargo dimensions (meters):	2.93*2.96*20



**Ан-24**



Plane:	AN-24
Number of passengers:	30
Amount of cargo (no passengers, metric tons):	3 to 4T
Estimated cost by Aeroflot (roubles an hour):	1,500r/h
Cost of a round trip (in roubles) Magadan-Anchorage-Magadan:	20,526 r
Estimated travel time Anchorage-Magadan (hours):	9.33 h
Cruising speed:	450 km/h
Base city:	Anadyr and Maga
Cargo dimensions (meters):	0.7*1.0*1.8

**AEROFLOT JETS AVAILABLE FOR FLIGHTS FROM THE FAREAST (not pictured)**

Plane: AN-26 (not pictured, cargo version of the AN-24)

Number of passengers: -

Amount of cargo  
(no passengers, metric tons): 3 to 4T

Estimated cost by Aeroflot  
(roubles an hour): 1,500r/h

Cost of a round trip (in roubles)  
Magadan-Anchorage-Magadan: 20,526 r

Estimated travel time  
Anchorage-Magadan (hours): 9.33 h

Cruising speed: 450 km/h

Base city: Anadyr and Magadan

Cargo dimensions (meters): 1.8\*1.6\*10

Plane: AN-12 (not pictured, intermediate between AN-24 and IL-76)

Number of passengers: -

Amount of cargo  
(no passengers, metric tons): 13.7 T

Estimated cost by Aeroflot  
(roubles an hour): 1,500r/h

Cost of a round trip (in roubles)  
Magadan-Anchorage-Magadan: 26,988 r

Estimated travel time  
Anchorage-Magadan (hours): 6.92 h

Cruising speed: 550 km/h

Base city: Magadan

Cargo dimensions (meters): 2.2\*2.6\*11

**H J R**

**79**

# HOUSE COMMITTEE REPORT

3/2  
Rules

(5)

Date Referred: February 12, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/1/90

The TRANSPORTATION Committee considered:

HJR 79

HOUSE JOINT RES. NO. 79

ESSENTIAL AIR SERVICE TO RURAL ALASKA

Relating to essential air service to rural Alaska.

**RECOMMENDATIONS:**

- be replaced with CS HJR 79 (Insp)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

- fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
- zero fiscal note H. Insp  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

		Do Not Pass	No Rec	Amend
<u>Eugene Kullback</u> RUBINA	<u>William A. Lemay</u> LEMAY	<input checked="" type="checkbox"/>		
<u>Bill Grussendorf</u> GRUSSENDORF	<u>Bill Hudson</u> HUDSON	<input checked="" type="checkbox"/>		
<u>Richard (Gary) Foster</u> FOSTER				

Bill Hudson (acting)  
Chairman's Signature (ACTING)

## FISCAL NOTE

**REQUEST:**

Revision Date: HJR  
Title: HJR 79 - Relating to essential  
air service  
Sponsor: Rep. Maclean  
Requestor: \_\_\_\_\_

Agency Affected: DOT  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: W. G. Mulder Phone: 465-6858  
Division: House Transportation Date: 2/22/90  
Approved by Commissioner: Richard Stoney Date: 2/22/90  
Agency: House Transportation Committee

**Distribution (by preparer):**

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

Original sponsor(s): REP. MACLEAN

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 79 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Relating to air service in rural Alaska.

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

7 WHEREAS many communities in Alaska rely on air transportation for  
8 their commercial and social ties with other communities in the state; and

9 WHEREAS the state highway system and surface modes of transportation  
10 do not extend to large portions of the state; and

11 WHEREAS the essential air service program of the United States Depart-  
12 ment of Transportation guarantees the availability of essential air service  
13 to communities in the state; and

14 WHEREAS the costs of air service in rural Alaska have risen dramati-  
15 cally since the airline industry was deregulated; and

16 WHEREAS the cost of an airline ticket for destinations in rural Alaska  
17 is disproportionately greater than for other airline tickets;

18 BE IT RESOLVED that the Alaska State Legislature respectfully requests  
19 the Congress and the United States Department of Transportation to examine  
20 the effect of deregulation of the airline industry on the cost of air  
21 service in rural Alaska.

22 COPIES of this resolution shall be sent to the Honorable George Bush,  
23 President of the United States; the Honorable Dan Quayle, Vice-President of  
24 the United States and President of the U.S. Senate; the Honorable Thomas S.  
25 Foley, Speaker of the U.S. House of Representatives; the Honorable George  
26 J. Mitchell, Majority Leader of the U.S. Senate; the Honorable Samuel K.  
27 Skinner, U.S. Secretary of Transportation; and to the Honorable Ted Stevens  
28 and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don  
29 Young, U.S. Representative, members of the Alaska delegation in Congress.

# ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean  
P.O. Box 290  
Barrow, Alaska 99727



Chairman  
Community & Regional Affairs  
Committee

Vice Chairman  
State Affairs Committee  
Bush Caucus

Member Finance Subcommittee  
Community & Regional Affairs  
Education  
Corrections

WHILE IN JUNEAU

Box V  
Juneau, Alaska 99811  
465-4525  
465-4833

## HOUSE OF REPRESENTATIVES

District 22  
Ambler  
Anaktuvik Pass  
Atkasook  
Barrow  
Buckland  
Deering  
Kaktovik  
Kiana  
Kivalina  
Kobuk  
Kotzebue  
Noatak  
Noorvik  
North Slope  
Borough  
Northwest Arctic  
Borough  
Nuiqsut  
Point Hope  
Point Lay  
Selawic  
Shungnak  
Wainwright

February 22, 1990

Honorable Richard Foster, Chairman  
House Transportation Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Rep. Foster,

Out of concern over the effect of rising costs on the availability of essential air service to rural Alaska, I sponsored HJR 79, "Relating to essential air service to rural Alaska".

For many rural Alaskans, air service is the only means of traveling in the state. Many rural Alaskans rely on air service for basic survival and for medical services.

After hearing the concerns expressed by the Alaska Department of Transportation and Public Facilities about the effect this resolution may have on federal funding for the essential air service program, I respectfully request that the House Transportation Committee address those concerns.

I request that we request Congress to address the effect of deregulation of the airline industry on the costs of air service in Alaska.

Further, I request the committee to initiate a study analyzing the rising costs of air service in Alaska over the past five years and to submit recommendations that would address those costs.

Thank you for addressing this issue.

Cordially,

*Rep. Eileen P. MacLean*

Rep. Eileen Panigeo MacLean

SAMPLE AIR FARES

As of February 22, 1990

Communities served by MarkAir:

-- Anchorage to Barrow:

One-way: \$374  
Roundtrip: \$748

-- Anchorage to Unalakleet:

One-way: \$197  
Roundtrip: \$394

-- Anchorage to Bethel:

One-way: \$178  
Roundtrip: \$356

-- Anchorage to Dillingham:

One-way: \$186  
Roundtrip: \$336

-- Anchorage to Kodiak:

One-way: \$155  
Roundtrip: \$280

Communities served by Alaska Airlines:

-- Anchorage to Kotzebue:

If tickets were bought seven days in advance:

Supersaver Roundtrip: \$348

If tickets were bought fourteen days in advance:

Supersaver Roundtrip: \$326

-- Anchorage to Nome:

If tickets were bought seven days in advance:

Supersaver Roundtrip:       \$348

If tickets were bought fourteen days in advance:

Supersaver Roundtrip:       \$326

BY REP. MACLEAN

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 79

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

Relating to essential air service to

6

rural Alaska.

7

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

8

WHEREAS many communities in Alaska rely on air transportation for

9

their commercial and social ties with other communities in the state; and

10

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11

do not extend to large portions of the state; and

12

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13

the essential air service program of the United States Department of Trans-

14

portation; and

15

WHEREAS the essential air service program guarantees the availability

16

of essential air service to communities in the state; and

17

WHEREAS the availability of essential air service to rural Alaska is

18

threatened by the rising costs of air service;

19

BE IT RESOLVED that the Alaska State Legislature respectfully requests

20

the Congress and the United States Department of Transportation to address

21

the effect of rising costs on the availability of essential air service to

22

rural Alaska.

23

COPIES of this resolution shall be sent to the Honorable George Bush,

24

President of the United States; the Honorable Dan Quayle, Vice-President of

25

the United States and President of the U.S. Senate; the Honorable Thomas S.

26

Foley, Speaker of the U.S. House of Representatives; the Honorable George

27

J. Mitchell, Majority Leader of the U.S. Senate; the Honorable Samuel K.

28

Skinner, U.S. Secretary of Transportation; and to the Honorable Ted Stevens

29

and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don

1 Young, U.S. Representative, members of the Alaska delegation in Congress.

*Effect of deregulation  
Study of rising costs*

BY REP. MACLEAN

1 IN THE HOUSE

2

HOUSE JOINT RESOLUTION NO. 79

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

Relating to essential air service to

6

rural Alaska.

7

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

8

WHEREAS many communities in Alaska rely on air transportation for

9

their commercial and social ties with other communities in the state; and

10

WHEREAS the state highway system and surface modes of transportation

11

do not extend to large portions of the state; and

12

WHEREAS Alaska air carriers are recipients of federal funding under

13

the essential air service program of the United States Department of Trans-

14

portation; and

15

WHEREAS the essential air service program guarantees the availability

16

of essential air service to communities in the state; and

17

WHEREAS the availability of essential air service to rural Alaska is

18

threatened by the rising costs of air service;

19

BE IT RESOLVED that the Alaska State Legislature respectfully requests

20

the Congress and the United States Department of Transportation to address

21

the effect of rising costs on the availability of essential air service to

22

rural Alaska.

23

COPIES of this resolution shall be sent to the Honorable George Bush,

24

President of the United States; the Honorable Dan Quayle, Vice-President of

25

the United States and President of the U.S. Senate; the Honorable Thomas S.

26

Foley, Speaker of the U.S. House of Representatives; the Honorable George

27

J. Mitchell, Majority Leader of the U.S. Senate; the Honorable Samuel K.

28

Skinner, U.S. Secretary of Transportation; and to the Honorable Ted Stevens

29

and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don

1 Young, U.S. Representative, members of the Alaska delegation in Congress.

# ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean  
P.O. Box 290  
Barrow, Alaska 99723



Chairman  
Community & Regional Affairs  
Committee

Vice-Chairman  
State Affairs Committee  
Bush Caucus

Member Finance Subcommittee  
Community & Regional Affairs  
Education  
Corrections

WHILE IN JUNEAU

Box V  
Juneau, Alaska 99811  
465-4525  
465-4833

## HOUSE OF REPRESENTATIVES

District 22  
Ambler  
Anaktuvik Pass  
Atkasuk  
Barrow  
Buckland  
Deering  
Kaktovik  
Kiana  
Kivalina  
Kobuk  
Kolzebue  
Noatak  
Noorvik  
North Slope  
Borough  
Northwest Arctic  
Borough  
Nuiqsut  
Point Hope  
Point Lay  
Selawik  
Shungnak  
Wainwright

February 22, 1990

Honorable Richard Foster, Chairman  
House Transportation Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Rep. Foster,

Out of concern over the effect of rising costs on the availability of essential air service to rural Alaska, I sponsored HJR 79, "Relating to essential air service to rural Alaska".

For many rural Alaskans, air service is the only means of traveling in the state. Many rural Alaskans rely on air service for basic survival and for medical services.

After hearing the concerns expressed by the Alaska Department of Transportation and Public Facilities about the effect this resolution may have on federal funding for the essential air service program, I respectfully request that the House Transportation Committee address those concerns.

I request that we request Congress to address the effect of deregulation of the airline industry on the costs of air service in Alaska.

Further, I request the committee to initiate a study analyzing the rising costs of air service in Alaska over the past five years and to submit recommendations that would address those costs.

Thank you for addressing this issue.

Cordially,

*Rep. Eileen P. MacLean*

Rep. Eileen Panigeo MacLean

SAMPLE AIR FARES

As of February 22, 1990

Communities served by MarkAir:

-- Anchorage to Barrow:

One-way: \$374  
Roundtrip: \$748

-- Anchorage to Unalakleet:

One-way: \$197  
Roundtrip: \$394

-- Anchorage to Bethel:

One-way: \$178  
Roundtrip: \$356

-- Anchorage to Dillingham:

One-way: \$186  
Roundtrip: \$336

-- Anchorage to Kodiak:

One-way: \$155  
Roundtrip: \$280

Communities served by Alaska Airlines:

-- Anchorage to Kotzebue:

If tickets were bought seven days in advance:

Supersaver Roundtrip: \$348

If tickets were bought fourteen days in advance:

Supersaver Roundtrip: \$326

-- Anchorage to Nome:

If tickets were bought seven days in advance:

Supersaver Roundtrip:       \$348

If tickets were bought fourteen days in advance:

Supersaver Roundtrip:       \$326

BY REP. MACLEAN

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J. Mitchell, Majority Leader of the U.S. Senate; the Honorable Samuel K.

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Skinner, U.S. Secretary of Transportation; and to the Honorable Ted Stevens

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and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don

1 Young, U.S. Representative, members of the Alaska delegation in Congress.

## ESSENTIAL AIR SERVICE

Essential Air Service (EAS) is a U.S. Department of Transportation (U.S. DOT) program for subsidizing air service to generally smaller communities which would not otherwise receive scheduled air service. The U.S. DOT, under this program, makes payments to air carriers to provide EAS to communities determined by the U.S. DOT, using criteria mandated by statute, to be eligible for this service. Generally, carriers, unless they are subsidized, would not provide scheduled air service to certain EAS communities because these communities do not generate sufficient numbers of passengers at fares that cover carrier costs. The U.S. DOT authorizes subsidy for a carrier to provide EAS only when no carrier is willing or able to provide the required level of service without subsidy support.

In 1978, when the Airline Deregulation Act (ADA) took effect, 746 communities in the United States and its territories were listed on air carrier certificates issued under Section 401, Federal Aviation Act. Prior to deregulation, most of these communities were assured a minimum level of air service. In light of the ADA's provisions allowing air carriers to terminate service without prior Government approval, there was concern that communities that generated low traffic levels would lose service as carriers withdrew to larger, more lucrative markets. To address this concern, as part of the ADA the Congress added Section 419 to the Federal Aviation Act, which ensured that these communities would continue to receive EAS for ten years, with Federal subsidy if needed.

Under this program, U.S. DOT determines the minimum level of EAS that these communities require. U.S. DOT will provide subsidy to an air carrier, if necessary, to assure that this minimum level of service is provided. Of the approximately 208 communities for which EAS determinations have been issued in Alaska, 41 communities receive service that is supported by an EAS subsidy.

The ten year service period designated by the Airline Deregulation Act of 1978 was scheduled to terminate on October 24, 1988. However, Congressional interest in ensuring continued service to these communities remained strong, and prior to the expiration date, legislation was enacted (attached) expanding the EAS program and extending it for ten additional years.

In the 1987 legislation, which became effective October 1, 1988, Congress provided for a continuation of EAS guarantees, termed "Basic EAS". Under Basic EAS, any point was to be provided ten more years of basic service if it was (1) eligible for service under the earlier program, (2) actually receiving service during any part of Fiscal Year 1988, and (3) situated at least 45 miles from the nearest "hub" airport -- now defined as an airport enplaning annually at least 0.25% of all enplanements in the United States. Certain other service upgrades were also mandated, such as general employment of aircraft having at least 15 passenger seats, and use of pressurized aircraft if the flight normally flies higher than 8,000 feet above sea level. For Alaska however, the 1987 Act contains language which allows for the use of smaller aircraft to provide service, provided that the community agrees in writing with the U.S. DOT.

The 1987 legislation also established two forms of service enhancement, by which communities could receive more service than basic EAS by (1) agreeing to a subsidy-sharing commitment or by (2) risking loss of basic service if U.S. DOT-funded enhanced service failed to meet agreed levels of passenger usage. The new legislation also provided that any community not entitled to Basic EAS might agree with U.S. DOT on a reasonable service level and receive service as a "new point" on a subsidy-sharing basis.

Under the new Act, each EAS point currently receiving service must be re-evaluated to determine the adequacy of both service and subsidy. At this point, only a handful of Alaskan EAS points have been addressed and it appears that it may be six months until all

points have been re-evaluated. Until that time, service and subsidies as stipulated under the current agreement between the carrier and the U.S. DOT will continue.

In FY89, a \$6.6 million supplemental appropriation was required to fully fund the FY88 service levels. Although ultimately passed by the legislature, the need for a supplemental appropriation was heatedly debated in Congress.

In FY90, Congress appropriated \$30.6 million for the EAS program, which is \$3.4 million less than required to continue the current program. The House and Senate gave the U.S. DOT discretion to alter the eligibility requirements of the program to accommodate the funding shortfall.

The U.S. DOT has responded to the reduced funding levels by limited subsidized service to 1) communities 70 road miles or more from the nearest large or medium hub airport, 2) 55 road miles or more from the nearest small hub airport, or 3) 45 road miles or more from the nearest non-hub airport. Communities in the last category must have historically enplaned at least 100 passengers per day and the subsidy must not now exceed \$200/passenger. Twenty communities in the lower 48 lost subsidized EAS as a result of the modifications to the eligibility requirements.

Alaska, Hawaii and the Pacific points were exempted from the recent cutbacks in view of their reliance on essential air service and in recognition of a lack of alternate modes of transportation available to these remote communities. Should funding reductions occur in future years, however, Alaska may be evaluated for service reductions.

**ALASKAN POINTS CURRENTLY RECEIVING 419 SUBSIDIZED SERVICE**

NIKOLSKI (UMNAK ISLAND)	ALEUTIAN AIR, LTD.	\$39,570
✓ CORDOVA ✓ GUSTAVUS ✓ PETERSBURG ✓ WRANGELL ✓ YAKUTAT	ALASKA AIRLINES, INC.	\$1,414,021
BOSWELL BAY CAPE YAKATAGA ICY BAY	CHITINA AIR SERVICE	\$109,386
CHISANA CENTRAL CIRCLE	40 MILE AIR, LTD.	\$55,466
NYAC	RYAN AIR SERVICE, INC.	(???)
✓ SAND POINT ✓ PORT HEIDEN PERRYVILLE IVANOFF BAY ✓ KING COVE FALSE PASS	REEVE ALEUTIAN AIRWAYS, INC.	\$1,241,985
✓ ATRA ✓ ST. GEORGE	PENINSULA AIRWAYS, INC.	\$ 485,159
✗ AKHIOK ✗ AMOOK BAY ✗ KARLUK ✗ KITOI BAY ✗ LARSEN BAY ✗ LAZY BAY/ALITAK ✗ MOSER BAY ✗ OLD HARBOR ✗ OLOA BAY ✗ OUZINKIE ✗ PARKS/UYAK ✗ PORT BAILEY ✗ PORT LIONS ✗ PORT WILLIAMS ✗ SAN JUAN/UGANIK ✗ SEAL BAY ✗ TERROR BAY ✗ WEST POINT/VILLAGE ISLE ✗ ZACHAR BAY	HERMANS/MARK AIR EXPRESS	\$ 181,021
MAY CREEK MCCARTHY	SPORTSMAN FLYING SERVICE	\$18,705
✓ SEWARD	HARBOR AIR	\$59,331
	TOTAL	<u>\$ 3,592,644</u>

ALASKAN ESSENTIAL AIR SERVICE POINTS

<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>	<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>
Adak Island	ANC	1192	Deering	OTZ	56
Akiak	ADQ	84	Dutch Harbor	ANC	792
Akiacnak	BET	16	Eagle	FAI	198
Akiak	BET	22	Eek	BET	40
Akutan	CDB	143	Egegik	AKN	42
Alakanuk	KSM	61	Ekwok	DLG	16
Alakanagik	DLG	17	Elfin Cove	DLG	42
→ Allakaket	BTT	40	Elim	JNU	60
Ambler	OTZ	130	Excursion Inlet	OME	95
• Amook Bay	ADQ	84	False Pass	JNU	32
Anaktuvuk Pass	BTT	85	• Farewell	CDB	37
→ Aniak	ANC	318	• Flat	MCG	63
Angoon	JNU	59	→ Fort Yukon	MCG	82
Annette/Metlakatla	KTN	22	Funter Bay	FAI	144
→ Anvik	ANI	77	→ Galena	JNU	16
• Arctic Village	FYU	108	Gambell	ANC	330
Atka Island	ADK	108	Golovin	FAI	268
Atmautluak	BET	16	Goodnews Bay	OME	197
Barrow	FAI	503	→ Grayling	OME	72
Barter Island/Kaktovik	FAI	386	Gulkana	BET	116
	SCC	115	Gustavus	ANI	92
→ Beaver	FAI	108	Haines	ANC	164
Bethel	ANC	399	Hawk Inlet	JNU	61
→ Bettles	FAI	179	→ Holy Cross	JNU	70
→ Birch Creek	FYU	27	Homer	JNU	17
• Boswell Bay	CDV	24	Hoonah	ANI	178
Brevig Mission	OME	64	Hoopar Bay	ANC	117
Buckland	OTZ	75	→ Hughes	JNU	35
• Candle	OTZ	140	Huslia	QFF	55
• Cape Lisburne	OTZ	166	Hydaburg	GAL	119
• Cape Newenham	BET	148	Icy Bay	GAL	69
• Cape Romanzof	BET	156	• Igilugig	KTN	47
• Cape Yakataga	CDB	106	Iliamna	CDB	136
Central	FAI	104	Ivanoff Bay	AKN	52
→ Chalkyitsik	FYU	41	Kake	ANC	195
Chatham	JNU	60	→ Kalskag	PTH	80
• Chernofski	DUT	84	→ Kaltag	YSG	40
Chavak	BET	138	Karluk	ANI	26
Chicken	TOK	62	Kanai	GAL	61
Chefornak	BET	90	Katchikan	ADQ	74
Chignik	PTH	46	Kiana	ANC	60
Chignik Lake	PTH	46	King Cove	SEA	679
Chignik Lagoon	PTH	45	Kipnuk	OTZ	59
• Chisana	TOK	90	Kitoi Bay	KVC	14
Circle	FAI	248	Kivalina	BET	96
Clark's Point	DLG	14	Klawock	ADQ	31
Cold Bay	ANC	621	Kobuk	OTZ	78
Cordova	ANC	150	• Koliganek	KTN	58
Council	OME	88	Kotlik	OTZ	186
Craig	KTN	59		DLG	69
→ Crooked Creek	ANI	51		SKM	68

<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Miles</u>	<u>E.A.S. Point</u>	<u>Service Hub</u>	<u>Mile</u>
Koyuk	OME	130	St. George	CDR	282
→ Koyukuk	GAL	26	→ St. Mary's	ANC	442
Kwathluk	BET	13	St. Michael	UNK	47
• Kwigillingok	BET	80	St. Paul Island	ANC	767
• Kwiguk/Fmmanak	KSM	41	Sand Point	ANC	257
• Lake Minchumina	FAI	148	San Juan/Uganik	ADQ	32
• Larsen Bay	ADQ	58	Savoonga	OME	102
Lazy Bay/Alitak	ADQ	89	Scammon Bay	BET	148
Levelock	AKN	31	Selawik	OTZ	76
• Manley Hot Springs	FAI	83	Seward	ANC	74
→ Marshall/Fortuna Ledge	BET	78	→ Shageluk	ANI	77
• May Creek	GKN	104	Shaktolik	UNK	32
McCarthy	GKN	97	Sheldon Point	SKM	59
→ McGrath	MCG	221	Shemya	ANC	1480
Makoryuk	BET	154	Shishmarof	OME	122
• Minto	FAI	39	Shungnak	OTZ	146
• Moser Bay	ADQ	64	Sitka	JNU	95
→ Mountain Village	KSM	14	Skagway	JNU	91
Naknek	AKN	14	• Skwentna	ANC	65
Napaklak	BET	11	→ Sleetmute	ANI	75
Napaskiak	BET	6	South Naknek	AKN	13
New Stuyahok	DLG	50	Stebbins	UNK	52
Newtok	BET	96	→ Stevens Village	FAI	90
Noatak	OTZ	48	→ Stony River	ANI	95
Noorvik	OTZ	43	→ Takotna	MCG	15
→ Nulato	GAL	34	→ Tanana	FAI	127
• Nunapitchuk	BET	23	• Tatalina	MCG	13
• NYAC	ANI	44	Teller	OME	59
Old Harbor	ADQ	49	Tenakee Springs	JNU	50
• Olga Bay	ADQ	77	Terror Bay	ADQ	26
Ouzinkie	ADQ	11	Tin City	OME	103
Parks	ADQ	57	Togiak	DLG	67
Pelican City	JNU	67	Toksook	BET	113
Perryville	PTH	75	→ Tuluksak	BET	36
Petersburg	JNU	123	Tuntatuliak	BET	41
Pilot Point	KTN	112	Tununak	BET	118
→ Pilot Station	AKN	84	• Twin Hills	DLG	63
Platinum	KSM	16	Ugashik	AKN	88
Point Hope	BET	123	• Unnak Island/Nikolski	DUT	116
Point Lay	OTZ	150	Unalakleet	ANC	393
• Porcupine Creek	BRW	180	Utopia	GAL	128
Portage Creek	BTT	40	Valdez	ANC	125
Port Bailey	DLG	30	• Venetie	FYU	45
Port Heiden	ADQ	24	Wainwright	BRW	87
Port Lions	ANC	424	Wales	OME	109
Port Williams	ADQ	16	West Point	ADQ	39
Prudhoe Bay/Deadhorse	ADQ	47	White Mountain	OME	62
• Queen	ANC	627	Wrangell	KTN	83
Quinhagak	DLG	12	Yakatat	JNU	154
→ Rampart	BET	71	Zacher Bay	ANC	372
• Red Devil	FAI	82	Kongiganak	JNU	199
→ Ruby	ANI	73	Manokotak	ADQ	49
→ Russian Mission	GAL	44	Seal Bay	BET	76
Tatitlek	BET	71	Port Alexander	DLG	20
• Umiat			Portage Creek	ADQ	44

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	<b>TOTAL</b>	<b><u>\$ 3,592,644</u></b>

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Alakanuk	KSM	61	Ekuk	DLG	16
Aleknagik	DLG	17	Ekwok	DLG	43
→ Allakaket	BTT	40	Elfin Cove	JNU	64
Ambler	OTZ	130	Elim	OME	95
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• Chornofski	JNU	60	Kake	PTH	80
Chevak	DUT	84	→ Kalskag	PSG	40
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Chefornak	TOK	82	Karluk	GAL	61
Chignik	BET	90	Kanai	ADQ	74
Chignik Lake	PTH	46	Ketchikan	ANC	60
Chignik Lagoon	PTH	46	Kiana	SEA	679
• Chisana	PTH	45	King Cove	OTZ	59
Circle	TOK	90	Kipnuk	KVC	14
Clark's Point	FAI	248	Kitoi Bay	BET	96
Cold Bay	DLG	14	Kivalina	ADQ	31
Cordova	APC	621	Klawock	OTZ	78
Council	ANC	150	Kobuk	KTN	58
Craig	OME	58	• Koliganek	OTZ	156
→ Crooked Creek	KTN	59	Kotlik	DLG	69
	ANI	51		SKM	68

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• Kwigillingak	BET	80	St. Paul Island	ANC	767
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• Lake Minchumina	FAI	148	San Juan/Uganik	ADQ	32
• Larsen Bay	ADQ	58	Savoonga	OME	162
Lazy Bay/Alitak	ADQ	89	Scarmon Bay	BET	146
Leyzlock	AKN	31	Selawik	OTZ	74
• Manley Hot Springs	FAI	83	Seward	ANC	74
→ Marshall/Fortuna Ledge	BET	79	→ Shegeluk	ANI	77
• May Creek	GKN	104	Shaktolik	UNK	32
McCarthy	GKN	97	Sheldon Point	SKM	59
→ McGrath	MCG	221	Shemya	ANC	1486
Makoryuk	BET	154	Shishmaref	OME	122
• Minto	FAI	39	Shungnak	OTZ	148
• Moser Bay	ADQ	64	Sitka	JNU	95
→ Mountain Village	KSM	14	Skagway	JNU	91
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• Olga Bay	ADQ	77	Terror Bay	ADQ	26
Ouzinkie	ADQ	11	Tin City	OME	103
Parks	ADQ	57	Togiak	DLG	67
Pelican City	JNU	87	Teksook	BET	113
Perryville	PTH	78	→ Tuluksak	BET	36
Petersburg	JNU	123	Tuntatuliak	BET	41
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Portage Creek	BTT	40	Valdez	ANC	125
Port Bailey	DLG	30	• Venetie	FYU	45
Port Heidon	ADQ	24	Wainwright	BRW	87
Port Lions	ANC	424	Wales	OME	109
Port Williams	ADQ	16	West Point	ADQ	39
Prudhoe Bay/Deadhorse	ADQ	47	White Mountain	OME	62
• Queen	ANC	627	Wrangell	KTN	83
Quinhagak	DLG	12	Yakatat	JNU	154
→ Rampart	BET	71	Zachar Bay	ANC	372
• Red Devil	FAI	82	Kongiganak	JNU	198
→ Ruby	ANI	73	Manokotak	ADQ	49
→ Russian Mission	GAL	44	Seal Bay	BET	76
Tatitlek	BET	71	Port Alexander	ULG	20
• Umiat			Portage Creek	ADQ	44

## ESSENTIAL AIR SERVICE

Essential Air Service (EAS) is a U.S. Department of Transportation (U.S. DOT) program for subsidizing air service to generally smaller communities which would not otherwise receive scheduled air service. The U.S. DOT, under this program, makes payments to air carriers to provide EAS to communities determined by the U.S. DOT, using criteria mandated by statute, to be eligible for this service. Generally, carriers, unless they are subsidized, would not provide scheduled air service to certain EAS communities because these communities do not generate sufficient numbers of passengers at fares that cover carrier costs. The U.S. DOT authorizes subsidy for a carrier to provide EAS only when no carrier is willing or able to provide the required level of service without subsidy support.

In 1978, when the Airline Deregulation Act (ADA) took effect, 746 communities in the United States and its territories were listed on air carrier certificates issued under Section 401, Federal Aviation Act. Prior to deregulation, most of these communities were assured a minimum level of air service. In light of the ADA's provisions allowing air carriers to terminate service without prior Government approval, there was concern that communities that generated low traffic levels would lose service as carriers withdrew to larger, more lucrative markets. To address this concern, as part of the ADA the Congress added Section 419 to the Federal Aviation Act, which ensured that these communities would continue to receive EAS for ten years, with Federal subsidy if needed.

Under this program, U.S. DOT determines the minimum level of EAS that these communities require. U.S. DOT will provide subsidy to an air carrier, if necessary, to assure that this minimum level of service is provided. Of the approximately 208 communities for which EAS determinations have been issued in Alaska, 41 communities receive service that is supported by an EAS subsidy.

The ten year service period designated by the Airline Deregulation Act of 1978 was scheduled to terminate on October 24, 1988. However, Congressional interest in ensuring continued service to these communities remained strong, and prior to the expiration date, legislation was enacted (attached) expanding the EAS program and extending it for ten additional years.

In the 1987 legislation, which became effective October 1, 1988, Congress provided for a continuation of EAS guarantees, termed "Basic EAS". Under Basic EAS, any point was to be provided ten more years of basic service if it was (1) eligible for service under the earlier program, (2) actually receiving service during any part of Fiscal Year 1988, and (3) situated at least 45 miles from the nearest "hub" airport -- now defined as an airport enplaning annually at least 0.25% of all enplanements in the United States. Certain other service upgrades were also mandated, such as general employment of aircraft having at least 15 passenger seats, and use of pressurized aircraft if the flight normally flies higher than 8,000 feet above sea level. For Alaska however, the 1987 Act contains language which allows for the use of smaller aircraft to provide service, provided that the community agrees in writing with the U.S. DOT.

The 1987 legislation also established two forms of service enhancement, by which communities could receive more service than basic EAS by (1) agreeing to a subsidy-sharing commitment or by (2) risking loss of basic service if U.S. DOT-funded enhanced service failed to meet agreed levels of passenger usage. The new legislation also provided that any community not entitled to Basic EAS might agree with U.S. DOT on a reasonable service level and receive service as a "new point" on a subsidy-sharing basis.

Under the new Act, each EAS point currently receiving service must be re-evaluated to determine the adequacy of both service and subsidy. At this point, only a handful of Alaskan EAS points have been addressed and it appears that it may be six months until all

points have been re-evaluated. Until that time, service and subsidies as stipulated under the current agreement between the carrier and the U.S. DOT will continue.

In FY89, a \$6.6 million supplemental appropriation was required to fully fund the FY88 service levels. Although ultimately passed by the legislature, the need for a supplemental appropriation was heatedly debated in Congress.

In FY90, Congress appropriated \$30.6 million for the EAS program, which is \$3.4 million less than required to continue the current program. The House and Senate gave the U.S. DOT discretion to alter the eligibility requirements of the program to accommodate the funding shortfall.

The U.S. DOT has responded to the reduced funding levels by limited subsidized service to 1) communities 70 road miles or more from the nearest large or medium hub airport, 2) 55 road miles or more from the nearest small hub airport, or 3) 45 road miles or more from the nearest non-hub airport. Communities in the last category must have historically enplaned at least 100 passengers per day and the subsidy must not now exceed \$200/passenger. Twenty communities in the lower 48 lost subsidized EAS as a result of the modifications to the eligibility requirements.

Alaska, Hawaii and the Pacific points were exempted from the recent cutbacks in view of their reliance on essential air service and in recognition of a lack of alternate modes of transportation available to these remote communities. Should funding reductions occur in future years, however, Alaska may be evaluated for service reductions.

**HJR**

**87**

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

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

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

Mary Van Nimwegen

HJR 87

3/ House Transportation

3/1/90

# HOUSE COMMITTEE REPORT

3/2  
Rules

(5)

Date Referred: February 12, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/1/90

The TRANSPORTATION Committee considered:

HJR 87

HOUSE JOINT RES. NO. 87

WRANGELL NARROWS WORK BY CORPS OF ENGRS

Requesting certain work on the Wrangell Narrows by the United States Army Corps of Engineers.

### RECOMMENDATIONS:

- be replaced with \_\_\_\_\_  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Date/Dept)

- fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
- zero fiscal note H. Imp  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING: (Check approp. column)

Do Not Pass No Rec Amend

<u>Eugene A. Kubina</u> KUBINA			
<u>Ben Grussendorf</u> GRUSSENDORF			
<u>Richard Foster</u> FOSTER			
<u>Herbert A. Leman</u> LEMAN			
<u>Bill Hudson</u> HUDSON			

Bill Hudson Acting  
Chairman's Signature (ACTING)

REQUEST: FISCAL NOTE

Revision Date:  
Title: "A resolution relating to federal funding for development of St. Paul Airport"  
Sponsor: Transportation Committee  
Requestor:

Agency Affected: DOT&PF  
BRU: Central Region  
Components: Maintenance & Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	5.0	5.0	5.0	5.0	5.0
CONTRACTURAL	0	50.0	50.0	50.0	50.0	50.0
SUPPLIES	0	10.0	10.0	10.0	10.0	10.0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	65.0	65.0	65.0	65.0	65.0
CAPITAL	1,913.0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	65.0	65.0	65.0	65.0	65.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	65.0	65.0	65.0	65.0	65.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

Prepared by: Kit Duke, Regional Director  
Division: Central Region, DOT&PF

Phone: 266-1440  
Date: March 19, 1990

Approved by Commissioner: Mark S. Hickey  
Agency: Department of Transportation and Public Facilities

Date: 3/19/90

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

1) Assumptions:

- ° The estimated costs associated with HJR No. 89 assume that the Federal Aviation Administration (FAA) funds improvements to the St. Paul Airport as identified in the DOT&PF's FY90 Airport Improvement Program (AIP) Spending Plan, i.e. land acquisition, ARFF vehicle purchase and equipment storage building construction. No other improvements are currently identified for the St. Paul Airport in the Department's approved Six-Year Capital Improvement Program (CIP).

The total estimated cost of the improvements proposed for the St. Paul Airport in FY90 is \$1,913,000, of which \$1,793,438 will be funded with federal AIP funding.

- ° The State of Alaska has already received a \$1.0 million allotment of FY90 AIP discretionary funding from the FY90 set-aside for Non-primary airports. The Department has allocated the funding such that the land acquisition segment of the St. Paul Airport project will receive first priority (see attached letter). The total land cost is estimated to be \$918,000, of which 5860,625 will be funded from the \$1.0 million allotment.
- ° The estimated fiscal impacts of HJR No. 89 assume that an AIP grant for land acquisition, ARFF vehicle purchase and equipment storage building construction will be executed by, at the latest, September 30, 1990 (the last day of federal fiscal year 1990).
- ° Maintenance costs resulting from the improved facility are calculated as follows: \$5,000 for travel by qualified mechanic to repair equipment; \$50,000 for building maintenance, equipment maintenance, fuel, electricity, etc.; \$10,000 for supplies.

2) Program Summary:

- a. Positions: 0
- b. Other expenditures: 0
- c. Funding: 0
- d. Section Cost Analysis: 0

3) Computations: N/A

- 4) Economic Impact: The proposed improvements at St. Paul will result in an airport facility that is better able to accommodate the increased activity resulting from the growing fishing industry. The revenues associated with the crab, surimi and bottomfish industry benefit the state as well as the local community.
- 5) Impact on Local Government: The economy of St. Paul is highly dependent upon the fishing industry. As such, an adequate airport facility is critical to maintaining commercial ties with other parts of the state. An upgraded airport facility will complement the multi-million dollar harbor facility constructed by the Corp of Engineers in the fall of 1989.
- 6) FY90 Fiscal Impact: -0-
- 7) Attachment: February 22, 1990 letter from Helvi K. Sandvik, Statewide Aviation Manager, to Russel Hathaway, Federal Aviation Administration.

February 22, 1990

Russel S. Hathaway  
Manager, Airports Division  
Alaska Region  
Federal Aviation Administration  
222 W. 7th Avenue, #11  
Anchorage AK 99513

Dear Mr. Hathaway:

As you requested in our February 11, 1990 meeting, the following represents the State of Alaska Department of Transportation and Public Facilities' (DOT&PF) priorities for allocating the \$1.0 million "allotment" of FY90 discretionary funding:

- 1) the land portion of the St. Paul project at a federal share of \$860,625.
- 2) the ARFF vehicle and building at St. Paul at a federal share of \$932,813.
- 3) the McGrath Apron project at a federal share of \$3,069,155.
- 4) The Sand Point Airport Improvement project at a federal share of \$2,500,000.

As we discussed in our meeting, the priority for completing the improvements at these airports was derived by evaluating each proposed project carefully, in view of all other needs statewide and limited funding availability.

We continue to believe that in view of the FAR Part 139 and other safety concerns that would be addressed by the proposed projects at St. Paul, McGrath and Sand Point, the FAA should lobby for the allocation of funding from the FY90 "safety" discretionary set-aside pot. If the FAA is successful in obtaining sufficient additional FY90 discretionary funding to meet the needs at St. Paul and McGrath, we would fully support allocating any remaining FY90 discretionary funding to the Sand Point Airport project.

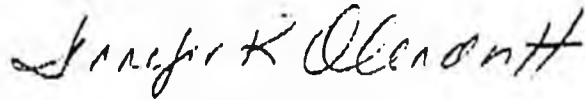
Russel Hathaway

-2-

February 22, 1990

If there is anything that the State can offer to convince FAA Washington on the need for funding these critical airport improvements, we would gladly assist.

sincerely,



Helvi K. Sandvik  
Manager  
Statewide Aviation

JKO

CC: Franklin Cunningham, Regional Administrator, FAA Alaska Region  
Kit Duke, Regional Director, Central Region  
W. Keith Gerken, Deputy Commissioner, Operations  
Mark S. Hickey, Commissioner  
Ron B. Lind, Director, Plans, Programs & Budget  
D. Randy Simmons, Deputy Commissioner, Budget & Finance

# HOUSE COMMITTEE REPORT

3/2  
Rules

(5)

Date Referred: February 12, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/1/90

The TRANSPORTATION Committee considered:

HJR 87

HOUSE JOINT RES. NO. 87

WRANGELL NARROWS WORK BY CORPS OF ENGRS

Requesting certain work on the Wrangell Narrows by the United States Army Corps of Engineers.

### RECOMMENDATIONS:

- be replaced with \_\_\_\_\_  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
- zero fiscal note H. Imp  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not Pass No Rec Amend

SIGNING DO PASS:	SIGNING:	Do Not Pass	No Rec	Amend
<u>Eugene A. Kubina</u> KUBINA				
<u>Ben Grussendorf</u> GRUSSENDORF				
<u>Richard Foster</u> FOSTER				
<u>Soren A. Leman</u> LEMAN				
<u>Bill Hudson</u> HUDSON				
_____				
_____				
_____				
_____				

Bill Hudson Acting  
Chairman's Signature (ACTING)



# PETERSBURG CHAMBER OF COMMERCE

P.O. BOX 649

PETERSBURG, ALASKA 99833

(907) 772-3646

---

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February 27, 1990

Rep. Cherie Davis  
P.O. Box V  
Juneau, Alaska 99811

Dear Cherie:

The Petersburg Chamber of Commerce wants to thank and support you in your efforts to get a comprehensive condition survey at Wrangell Narrows done by the Army Corps of Engineers. The numerous recent groundings in the Narrows make it obvious that a survey such as this is long overdue.

The community of Petersburg and the residents of the Narrows depend on this waterway for transportation, recreation, commercial, sport and subsistence fishing. Inadequate underwater information increases the risk of all these activities as well as elevates the possibility of a major environmental tragedy. The accident earlier this year, when 57,600 gallons of gasoline were spilled within the Wrangell Narrows by the Frank H. Brown, focused all of our attention on the fragile nature of this vital corridor.

Our understanding of your bill is that it requests research and data collection as to the conditions and obstructions in Wrangell Narrows. Our hope is that, following this, action can be taken to correct the problems that are found.

Thanks again for your work on this issue and let us know if we can be of any help.

Sincerely,

Dave Ohmer

Vice-President

## FISCAL NOTE

**REQUEST:**

Revision Date: 88 HJR 87 Agency Affected: DOT  
 Title: Relating on work on Wrangell  
Narrows by the Corp. of Engineers BRU: \_\_\_\_\_  
 Sponsor: Rep. Davis Components: \_\_\_\_\_  
 Requestor: House Transportation Committee

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by : Wally Mulder / Lenther Phone : 465-4858  
 Division : House Transportation Committee Date : 2/28/90

Approved by Commissioner : Richard W. Wiley Date : 2/28/90  
 Agency : House Transportation Committee

Distribution (by preparer) :  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

# ALASKA STATE LEGISLATURE

ELECTIVE DISTRICT 1  
HYDRA  
KECHIKAN  
KUPRIANOF  
MEYERSBUCK  
PETERSBURG  
SAMAS  
WRANGELL



HOME  
PO BOX 5723  
KECHIKAN, AK 99901  
PHONE 225-6301

DURING SESSION  
PO BOX 5  
STATE CAPITOL BUILDING  
JUNEAU, AK 99811  
PHONE 465-4424

## Representative Cheri L. Davis

February 26, 1990

Rep. Richard Foster, Chairman  
House Transportation Committee  
Capitol, Room 409

Dear Rep. Foster:

Wrangell Narrows is used by a major portion of all commerce enroute to Alaskan ports and provides a safe alternative to 90 miles of hazardous seas. It is vital to the region that this waterway remain safe and navigable.

Before you is a resolution asking the Army Corps of Engineers to perform an immediate and comprehensive condition survey of the entire Wrangell Narrows. Presently, the Corps is responsible for dredging and maintaining seven areas along the 24-mile waterway. The overall goal of this survey is to identify hazards to navigation, water current impediments and a safe, estimated depth needed for the channel the entire length of the Narrows.

With increased large-vessel traffic anticipated through the Wrangell Narrows during the next few years, it is imperative that a survey be conducted addressing the areas of concern in this Resolution.

Thank you for scheduling this Resolution, and if you need any further information, please contact me immediately.

Sincerely,

A handwritten signature in cursive script that reads "Cheri Davis".

Cheri L. Davis  
Alaska House of Representatives

## Southeastern Alaska Pilots' Association

CABLE ADDRESS SEAPILOTS

P. O. BOX 6100  
KETCHIKAN, ALASKA 99901

February 14, 1990

The Honorable Cheri Davis  
House of Representatives  
State of Alaska  
P. O. Box V  
Juneau, Alaska 99811

Dear Cheri:

Subject: House Joint Resolution No. 87

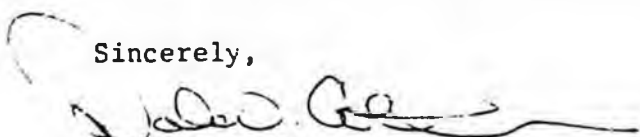
The Southeastern Alaska Pilots' Association would like to go on record as supporters of House Joint Resolution No. 87.

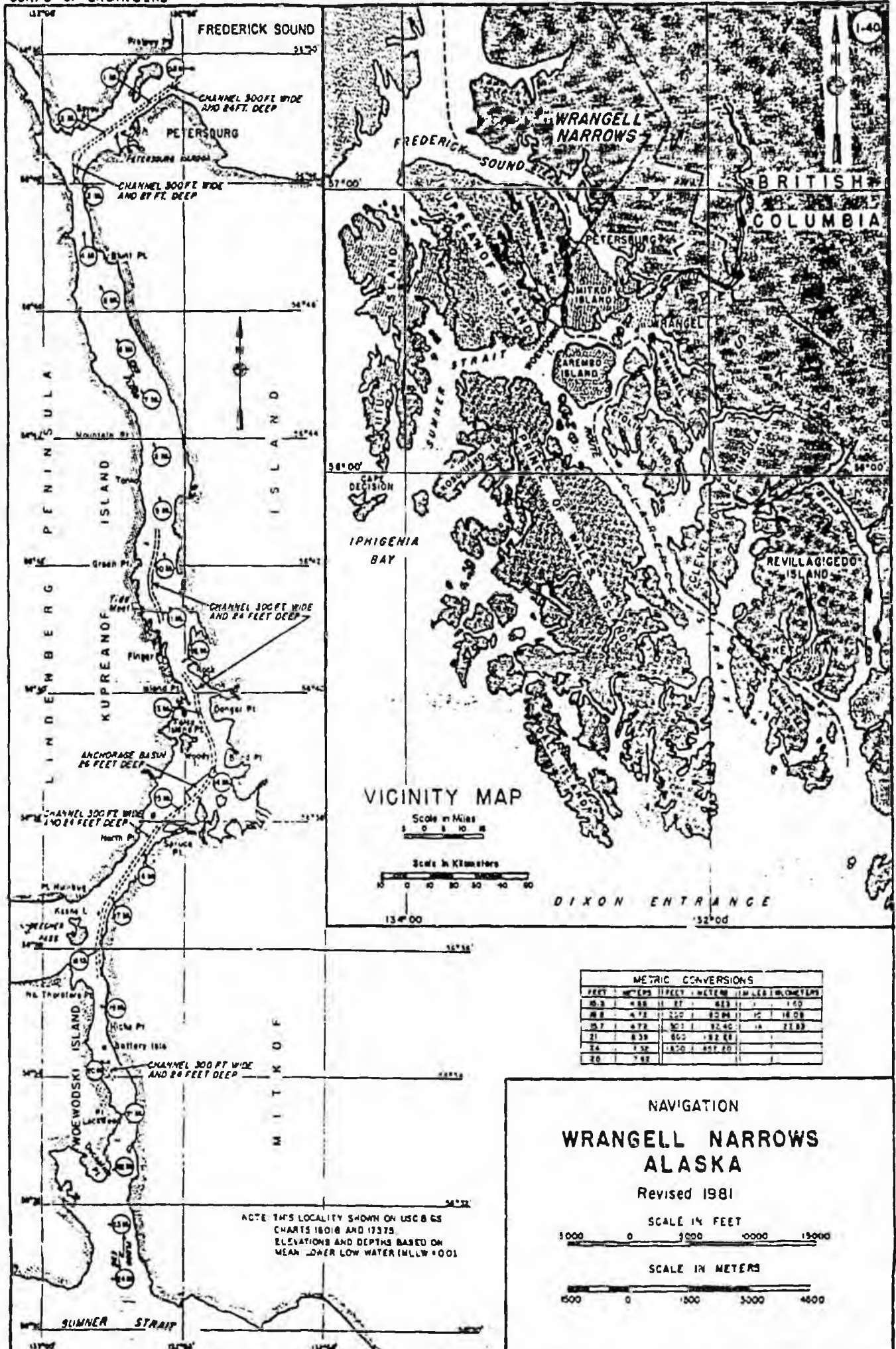
We now have two cruise ships scheduled to transit Wrangell Narrows weekly this summer. Both of these ships are larger than the M/V Columbia and one is a motor-sailing ship. Wrangell Narrows is visited by all marine user groups and is an important waterway to all mariners transiting the Inside Passage of Alaska.

We feel your resolution is vital to the continuance of information about this waterway. The U.S. Army Corps of Engineers provides this pilot group and other marine users with important up-to-date information needed for safe navigation of this area. The U.S. Army Corps of Engineers has been most helpful over the years with information and detailed maps of Wrangell Narrows and other areas of interest to us. However, we requested a detailed map of the Battery Islets area in Wrangell Narrows to review in the wake of the U.S.C.G. Buoy Tender Planetree grounding on January 25, 1990, and the U.S. Army Corps advised they did not have an up-to-date map of this location in Wrangell Narrows. They went on to state there were other locations in Wrangell Narrows where the information was in need of updating.

With this in mind and the volume of marine commerce transiting this waterway we feel House Joint Resolution No. 87 should be given unanimous support by the Alaska State Legislature.

Sincerely,

  
Dale O. Collins  
Secretary/TreasurerDOC:bjj  
cc: Senator Jones  
Representative Taylor



1-40.

## WRANGELL NARROWS, ALASKA

Condition of Improvement 30 September 1988

EXISTING PROJECT: Adopted 3 March 1925, modified 30 August 1935 and 2 March 1945; provides for a channel 300 feet wide dredged to a depth of -24 feet MLLW, with improvement of the alignment of the original 200 foot by 21 foot channel; an anchorage basin adjacent to the channel in the vicinity of Mile 14, 500 yards long, 200 yards wide, at -26 feet MLLW; a depth of -27 feet MLLW at Petersburg Bar (Shoal 2); easing curves at four shoals, removing a rock pinnacle opposite Anchor Point, and removing five small rock pinnacles in the towing channel.

PROGRESS OF WORK: The original 200 by 21 foot channel was completed in 1934. The modified channel was completed in 1951. Construction of the anchorage basin near Mile 14 was accomplished during April and May 1963. A rock believed to have been carried in by an iceberg was removed from the channel near Petersburg in June 1963. A 1970 modification at Turn Point, near Petersburg, increased the depth to -27 feet MLLW and widened the channel through the turn. Maintenance dredging was performed throughout the channel, September and October 1971 and to Turn Point in May and June 1979. A condition survey of mile 15.5 (North Ledge) of the Narrows was performed in February 1983. Condition surveys of Mile 3.5 to 5, (Scow Bay) and Mile 15.5 to 17 (North Ledge to Burnt Island) were performed in February 1984. In February 1986 condition surveys were accomplished at mile 10, (Green Point), miles 12.5-13 (Green Rock), and mile 20, (Battery Islets In February 1987, Mile 1.5 to 3.5, (Turn Point) and mile 18, (Spike Rock) were surveyed. In January 1988 Mile 15.5-17 (North Ledge to Burnt Island) was surveyed. In January 1988 a survey was made to inspect a reported navigation hazard at Mile 12.5-13, (Green Rock). The survey indicated that two large rocks were obstructing vessels in the channel. A contract was awarded to remove the rocks, and the removal was complete as of March 1988.

RANGE OF TIDE:	<u>Mean Range</u>	<u>Diurnal Range</u>	<u>Extreme Range</u>
Petersburg	13.8'	16.4'	25.0'
Finger Pt.	14.2'	16.7'	25.0'
Pt. Lockwood	13.1'	15.7'	24.0'

Continued on page 1-40a.

1-40a.

Prangell Narrows, Alaska (continued)

30 September 1987

CONTROLLING DEPTH: Controlling depth of -21.5 was found at mile 10; -22.8 at mile 12.5-13 (Green rock); and -20.9 at mile 20, February 1986. A depth of -20.6 feet MLLW near Mile 1.5 (Turn Point), and -15.7 at Mile 18 (Spike Rock) was noted in February 1987. A depth was found to be -18.5 feet MLLW between miles 15 and 17 (North Ledge to Burnt Island), in January 1988.

The major portion of all commerce enroute to Alaskan ports passes through this channel which provides a safe alternative to 90 miles of hazardous seas. The anchorage basin in the vicinity of Anchor Point is used as a holding area when waiting for fog to clear.

1-40a.



# Representative Bette Cato, Chair House Transportation Committee

SUBJECT OF MEETING:

HJ

DATE: \_\_\_\_\_

PLACE: \_\_\_\_\_

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Ray Meketa	DOT/PF	Box 3-1000 JUNU			789-6264	<input checked="" type="radio"/>	<input type="radio"/>	HJR 87
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	

**H J R**

**89**

# HOUSE COMMITTEE REPORT

(5)

Date Referred: March 5, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: \_\_\_\_\_

The TRANSPORTATION Committee considered:

HJR 89

HOUSE JOINT RES. NO. 89

FEDERAL FUNDS FOR ST. PAUL AIRPORT

Relating to federal funding for development of the airport at Saint Paul, Alaska.

### RECOMMENDATIONS:

- [  ] be replaced with CS HJR 89 (Transportation) [  ] the same title  
[ ] have attached amendment(s) [ ] a new title  
[  ] do pass  
[ ] do not pass  
[ ] no recommendation  
[ ] individual recommendations  
[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [  ] fiscal impact P.O.T.  
[ ] zero fiscal note \_\_\_\_\_  
[ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_  
[ ] zero fiscal note(s) \_\_\_\_\_  
[ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not  
Pass  
No Rec  
Amend

\_\_\_\_\_  
*Ben Spafford*  
\_\_\_\_\_  
*Bill Hudson*  
\_\_\_\_\_  
*Edward Keckler*  
\_\_\_\_\_  
*Howard J. Roman*  
\_\_\_\_\_  
*Richard J. Tope*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

	Do Not Pass	No Rec	Amend
_____			
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_____			

\_\_\_\_\_  
*Richard J. Tope*  
Chairman's Signature

6-2315E  
Utermohle  
3/9/90

Original sponsor(s): Transportation Committee

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 89 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Relating to federal funding for develop-  
6 ment of the airport at Saint Paul,  
7 Alaska.

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

9 WHEREAS title to the airport at Saint Paul, Alaska was transferred to  
10 the State of Alaska under the terms of the Fur Seal Act Amendments of 1983  
11 (P.L. 98-129) and a Transfer of Property Agreement entered into  
12 February 11, 1984; and

13 WHEREAS the local Native corporation agreed to lease or sell land  
14 needed for expansion of the airport, and state and federal agencies have  
15 committed themselves to take the steps necessary to implement the Transfer  
16 of Property Agreement; and

17 WHEREAS the economic well-being of Saint Paul, Alaska, is largely  
18 dependent upon the rapidly growing crab, surimi, and bottomfish industry;  
19 and

20 WHEREAS the Saint Paul airport facility provides the only year-round  
21 access to and from the community; and

22 WHEREAS the Saint Paul airport facility is critical to ensuring that  
23 the community's commercial and social ties with the state and nation are  
24 maintained; and

25 WHEREAS the Saint Paul airport is classified as a nonprimary commer-  
26 cial service airport under the Airport Improvement Program (AIP); and

27 WHEREAS nonprimary airports are only eligible to receive AIP discre-  
28 tionary funding and limited State of Alaska primary entitlement funding;  
29 and

1           WHEREAS AIP discretionary funding has not been available for the Saint  
2 Paul airport due to the low priority assigned to development of the air-  
3 port; and

4           WHEREAS the annual level of primary entitlement funding is generally  
5 not sufficient to accommodate the improvement needs at state primary air-  
6 ports and is not sufficient to accommodate the needs of the Saint Paul  
7 airport; and

8           WHEREAS the Airport Improvement Program identifies specific set-aside  
9 discretionary funding for nonprimary airports and safety improvement proj-  
10 ects;

11           BE IT RESOLVED that the Alaska State Legislature respectfully requests  
12 the United States Department of Transportation, Federal Aviation Adminis-  
13 tration, to allocate a level of discretionary funding to the State of  
14 Alaska that will allow for the development of the Saint Paul airport.

15           COPIES of this resolution shall be sent to the Honorable Samuel K.  
16 Skinner, Secretary of the U.S. Department of Transportation; the Honorable  
17 Admiral James B. Busey, U.S.N. (Ret.), Administrator of the Federal Avia-  
18 tion Administration; and to the Honorable Ted Stevens and the Honorable  
19 Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Repre-  
20 sentative, members of the Alaska delegation in Congress.

**REQUEST: FISCAL NOTE**

Revision Date: Agency Affected: DOT&PF  
 Title: "A resolution relating to federal funding for development of St. Paul Airport" BRU: Central Region  
 Sponsor: Transportation Committee Components: Maintenance & Operations  
 Requestor:

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	5.0	5.0	5.0	5.0	5.0
CONTRACTURAL	0	50.0	50.0	50.0	50.0	50.0
SUPPLIES	0	10.0	10.0	10.0	10.0	10.0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	65.0	65.0	65.0	65.0	65.0

CAPITAL	1,913.0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND	119.6	65.0	65.0	65.0	65.0	65.0
FEDERAL FUNDS	1,793.6	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	1,913.0	65.0	65.0	65.0	65.0	65.0

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:**

Prepared by: Kit Duke, Regional Director  
 Division: Central Region, DOT&PF

Phone: 266-1440  
 Date: March 19, 1990

Approved by Commissioner: *Mark A. H...*  
 Agency: Department of Transportation and Public Facilities

Date: *4/4/90*

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

~~TO: J. A. STUBBS~~  
~~TO: P. C. HARRIS~~  
Attachment #4

The current federal airport grant program, known as the Airport Improvement Program (AIP), was established by the Airport and Airway Improvement Act of 1982 and amended by the Airport and Airway Safety and Capacity Expansion Act of 1987. The AIP provides funding for airport planning, airport development and noise compatibility programs. The program is funded from the Airport and Airway Trust Fund which was established from, and is maintained by, several aviation user taxes such as airline fares, air freight and aviation fuel. Under the rules of the AIP, airports are categorized essentially according to the number of passenger enplanements received. The categories of the AIP are as follows:

1. Primary Commercial Service Airports are publically owned airports which enplane over 10,000 passengers annually and receive scheduled service.

The apportionment to a particular airport is calculated as follows:

1. \$7.80 for each of the first 50,000 enplaned passengers,
2. \$5.20 for each of the next 50,000 enplaned passengers,
3. \$2.60 for each of the next 400,000 enplaned passengers,
4. \$0.65 for each additional passenger enplaned.

The State of Alaska typically earns \$12,000,000 per year in primary entitlement funding.

2. Non-Primary/Commercial Service Airports are publically owned airports which receive scheduled service and enplane between 2,500 and 10,000 passengers annually.

If an airport in this category met certain criteria under the Airport and Airway Development Act of 1970, it receives a guaranteed apportionment of \$143,577 per year and can accumulate up to three years worth of funding, plus an additional 10%, if necessary. In other words, the maximum an

not named  
or  
grandfathered

ready -  
St. Paul  
lets in  
there

airport in this category can earn is \$473,804. Any additional funding required for a project must come from the State of Alaska's primary entitlement funding or from nationwide discretionary funding. If an airport enplanes between 2,500 and 10,000 passengers, receives scheduled service and does not qualify for a guaranteed apportionment under the Old Act, the airport is only eligible for primary entitlement funding or nationwide discretionary funding. A portion of the AIP discretionary funding, available nationwide, is set-aside specifically for Non-primary/Commercial Service airports. There is no guarantee on an annual basis that Alaskan airports will receive this funding.

10 million

2. Non-Commercial Service Airports are publically owned airports that may provide scheduled service, serve as a reliever or provide for general aviation access to a community but enplane fewer than 2,500 passengers per year. This category consists of two groups of airports identified under the Old Act as eligible for a guaranteed apportionment. A group of 21 airports earns \$143,577 per year and a group of 121 airports earns \$47,859 per year. *+ area population*

The yearly apportionment to these airports is known as the "Alaska Supplemental" and the total funding apportioned is "pooled" and can be utilized on any project(s) in the group. Although an airport can only accumulate up to three years worth of funding, if a project estimate exceeds the funds earned by the airport, a portion of the "pooled funds" can be used to fund the shortfall.

The State of Alaska is typically apportioned \$10,000,000 per year in Alaska Supplemental funding.

4. Area/Population Airports: This category includes all remaining airports that are not included in any other category. If a new public airport were constructed, it would

be added to this group. Area/Population funds can be used on Non-commercial small airports, (i.e. those that receive \$47,859 each year) if needed.

The State of Alaska typically receives \$13,000,000<sup>per year</sup> in Area/Population funding.

To be eligible for AIP grant funding, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS). This plan is prepared by the FAA and published every two years.

The AIP will fund a variety of airport projects including airport planning, integrated airport system plans, and airport development projects. Eligible development projects include all types of typical design and construction activities in addition to land acquisition, lighting, navigation aids and the purchase of snow removal equipment. The program will participate to a limited degree in terminal development at commercial service airports.

Federal participation in the costs of AIP eligible projects is 90% for the majority of the United States. However, for Alaska, the federal share is adjusted upward to reflect the large amount of federal land within the boundaries of the state. For AIP projects in Alaska, the federal participation rate is 93.75% of the total project cost. For terminal development projects, the participation rate is limited to 75% of the public areas portion of the total project.

CENTRAL REGION AIRPORTS  
BY CATEGORY

AREA POPULATION

AIRPORT

- \* AFOGNAK
- ALEKNAGIK
- ATKA
- BIG LAKE
- BIRCHWOOD
- CHUATHBALUK
- \* COLORADO CREEK
- \* CURRY
- ENGLISH BAY
- \* EUREKA
- EYAK LAKE SPB
- EYAK LAKE (CORDOVA)
- GIRDWOOD
- GOOSE BAY
- \* HOLIKACHUK
- \* HOMER-BELUGA SPB
- \* HOPE
- KASIGLUK
- \* KASILOF
- KOKHANOK
- KOKHANOK SPB
- LAKE HOOD SPB
- LAKE HOOD STRIP
- \* LAWING
- LIME VILLAGE
- NELSON LAGOON
- NEW CHENEGA
- NIGHTMUTE
- NIKOLAI
- \* NINILCHIK
- NONDALTON
- \* NUNAPITCHUK
- OPHIR
- PEDRO BAY
- \* PORT ALSWORTH
- PORT GRAHAM
- \* QUARTZ CREEK
- SELDOVIA
- SELDOVIA SPB
- SEWARD
- \* SHEEP MOUNTAIN
- SKWENTNA
- TALKEETNA
- \* TATINA
- \* UMNAK-FT. GLENN
- \* UMNAK-NORTH SHORE
- WASILLA
- WHITTIER
- \* WIDE BAY
- WILLOW

\* Not in the NPIAS

CENTRAL REGION

NON-COMMERCIAL SMALL

AKHIOK  
AKIAK  
ALAKANUK  
ALITAK-LAZY BAY SPB  
ANVIK  
ATMAUTLUAK  
CHEFORNAK  
CHIGNIK LAGOON  
CHIGNIK LAKE  
CHIGNIK-ANCH. BAY  
CLARKS POINT  
CROOKED CREEK  
EGEGIK  
EKWOK  
EMMONAK  
FALSE PASS  
FLAT  
GODDNEWS BAY  
HOLY CROSS  
IGUIGIG  
IVANOF BAY  
KALSKAG  
KARLUK  
KIPNUK  
KONGIGANAK  
KOTLIK  
KWETHLUK  
KWIGILLINGOK  
LARSON BAY  
LEVELOCK

MANOKOTAK  
MEDFRA  
NAKNEK  
NAPAKIAK  
NAPASKIAK  
NEW KOLIGANEK  
NEW STUYAHOK  
NEWTOK  
OLD HARBOR  
OUZINKIE  
OUZINKIE SPB  
PERRYVILLE  
PILOT POINT  
PILOT STATION  
PORT LIONS  
PORTAGE CREEK  
QUINHAGAK  
RUSSION MISSION  
SCAMMON BAY  
SHAGELUK  
SHELDONS POINT  
SLEETMUTE  
SOUTH NAKNEK  
STONY RIVER  
TAKOTNA  
TATITLEK  
TOGIAK  
TOKSOOK BAY  
TULUKSAK  
TUNTUTULIAK  
TUNUNAK  
TWIN HILLS  
UGASHIK

CENTRAL REGION

NON-COMMERCIAL LARGE

AKIACHAK  
CHEVAK  
CHEVAK SPB  
EEK  
EEK SPB  
GRAYLING  
HOOPER BAY  
KING COVE  
MARSHALL  
MEKORYUK  
MOUNTAIN VILLAGE  
PLATINUM  
PORT HEIDEN  
RED DEVIL

NON-PRIMARY

COLD BAY  
COLD BAY HELIPORT  
ILIAMNA  
McGRATH  
SAND POINT  
ST. PAUL

PRIMARY

ANCHORAGE INT'L  
ANIAK  
EETHEL  
CORDOVA  
DILLINGHAM  
HOMER  
KILB SALMON  
KODIAK  
ST. MARY'S  
UNALASKA

NORTHERN REGION AIRPORT  
BY CATEGORY

AREA POPULATION

* AMERICAN CREEK	MINCHUMINA
* BASIN CREEK	NORTHWAY
* BIG DELTA	NUIQSUIT
* BLACK RAPIDS	* PINGO
BOUNDARY	* PROSPECT
* CHANDALAR SHELF	* QUARTZ CREEK
CHICKEN	* ROBE LAKE SPB
* CHISTOCHINA	* SALMON LAKE
CIRCLE HOT SPRINGS	* SOLOMON
* CLEAR	* SUMMIT
* COLDFOOT	TANACROSS
* COPPER CENTER 2	* TAZLINA
COUNCIL	* THOMPSON PASS
DAHL CREEK	TOK
* DENALI 2	* TRAMWAY BAR
* DIETRICH	* UMIAT
* EAGLE-FT. EGBERT	* UNGALIK
* GALBRAITH	* VALDEZ CREEK
GULKANA	* VAN CURLERS BAR
GULKANA HELIPORT	* TONSINA
* HAMILTON	
* HEALY RIVER	
* JACK WADE	
* KOBUK	
* LAKE LOUISE	
LITTLE DIOMEDE	
* LOST RIVER 1	

\* Not in the NPIAS