

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

9089 SENATE TRANSPORTATION 580

Carlisle

CAHLILE ENTERPRISES, INC.

1324 3rd Avenue • Anchorage, AK 99501 • 907/253-7797

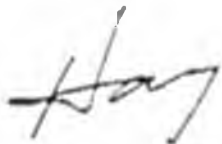
Speaker Gail Phillips
Alaska House of Representatives
State Capital
Juneau, Alaska 99801

Dear Gail:

I enjoyed visiting with you last week and appreciate the time you set aside for us. You may recall asking me about a resolution proposed by Mr. Bob McGee of Totem Ocean Trailer Express, which would support a federal effort to transfer the regulatory system of tariffs from the Interstate Commerce Commission to the Federal DOT when the ICC goes away. This would apply to Alaska and Hawaii, which are served via ship.

After discussions with various shippers and other transportation people, I feel that this would be good for Alaska and urge you to pass the resolution proposed by T.O.T.E. If I can be of any help please give me a call. The ATA board had not met as yet and while I anticipate their position will be the same this letter is from my company only. Thanks again for your support of Transportation.

Sincerely,



Harry McDonald
President

Wrightway Auto Carriers, Inc.

101 West Whitney Road
Anchorage, Alaska 99501
907/272-4549 Fax (907) 272-7370

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Attn: Chris Fluhr

April 3, 1995

Dear Congressman Young,

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers the Alaska trade.

Wrightway Auto Carriers is a vehicle transportation company. We are the largest delivery service of new units to dealerships as well as movement of vehicles for corporate moving companies and personally owned vehicles in the state of Alaska. Sea-Land and TOTE are the water line carriers for 100% of our interstate service and a large portion of our intrastate service. ICC regulation keeps the carriers honest. They have been fair most of the time, but we were glad that the Mayor of Anchorage could go to the ICC last spring and get the carriers' attention. We think the Mayor's action was very successful in keeping rates down, and are afraid that without the ICC there would be nothing to stop Sea-Land and TOTE from charging whatever the market would bear.

Wrightway is under cost sensitive freight requirements by all of the major manufacturers (i.e., Ford, Chrysler). The carrier of today must also meet strict standards on new equipment requirements and standards set forth by manufacturers for safety along with the DOT. If congress abolishes the ICC, what will happen to tariffs? What would prevent the big shippers from demanding low rates and forcing the carriers to increase rates to small shippers like us? It is hard enough to stay alive as a small business today. Taking away tariffs and the ICC would make it even harder for us to stay in business.

We are in favor of reducing the federal budget, but do not see how it could cost very much to maintain tariffs and be a watch dog over the carriers. Without the ICC we bet we'd pay more in freight rates than the taxes we would save by repealing regulation. The system we have today works well for us and is worth every penny. We hope you will work to make sure it continues to work for all of us in Alaska.

Very truly yours,

William F. Wright, President

WFW/klm

Identical letter sent to
Markowski
Young
Knobles
Lynden



LYNDEN INCORPORATED
1029 W. Third Ave. Suite 100
Anchorage, Alaska 99501-40
907-278-7501
Fax: 907-278-4540

April 3, 1995

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

Re: Elimination of the Interstate Commerce Commission (ICC)

Dear Senator Stevens:

We understand that legislation is pending that would eliminate the ICC. The result would be unfortunate for the shipping public and the motor and water carriers in Alaska.

The current system provides for published tariffs, a degree of control and stability and a process for complaints and investigation.

If the ICC is in fact eliminated, I urge your support of alternative regulations or transfer of these functions to the Department of Transportation.

Thank you for your consideration.

Sincerely yours,

LYNDEN

Jim Jensen
President

JJ:am

ALASKA RAILROAD CORPORATION



Corporate Address: P.O. Box 107500, Anchorage, Alaska 99510
327 W. Ship Creek Avenue, Anchorage, Alaska 99501

Executive Office
(907) 263-2403
Fax (907) 259-1456

March 27, 1995

The Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515-7207

Dear Congressman Young:


It has come to my attention that federal legislation is pending which may eliminate the Federal Maritime Commission. The net result of this action would be to remove any regulation of the domestic water carrier trade between the lower 48 and points in Alaska.

It would be unfortunate to eliminate all regulation of water carriers in the Alaska trade. The current system, including subsidized tariffs, provides a certain level of predictability that benefits shippers and consumers. Complete deregulation of water carrier transportation may well create unneeded instability and have other detrimental impacts.

Accordingly, I urge your support to maintain these arrangements, or to adopt an alternative proposal transferring regulation of water carriers in the Alaska trade to the U.S. Department of Transportation.

Thank you for your consideration of these views. Please give me a call if you have any questions.

Sincerely,



Robert S. Hatfield
President & CEO

cc ARRC Board Members



Northern Meats, Inc.

P O BOX 190518
ANCHORAGE, ALASKA 99519-0518
PHONE: (907) 561-1729

April 9, 1995

The Honorable Sen. Young
U.S. House of Representatives
2331 Rayburn House Office Bldg.
Washington, D.C. 20515-0201

Dear Congressman Young:

I am writing to request your involvement and support in opposing the current bill undergoing markup in the House that would eliminate the I.C.C. and eliminate regulation of the water carriers serving the Alaska trade.

My company, Northern Meats, needs some regulation of the Alaska trade as it helps keep me competitive and provides a safety net for me as a small shipper.

It appears that the I.C.C. will be eliminated but I urge you to support the transfer of the regulatory functions pertaining to Alaska to the Dept. of Transportation.

Any support you can provide in this effort is appreciated.

Sincerely,

Jerry Erling
President



ANCHORAGE INDEPENDENT LONGSHORE UNION, LOCAL NO. 1

BOX 10 2092 — TEAMSTERS MALL
ANCHORAGE ALASKA 99510

April 5, 1995

Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515-0201

Dear Congressman Young,

This is written to ask you to oppose any legislation that would repeal federal regulation of water carriers in the Alaska trade.

I represent the Anchorage Independent Longshore Union Local #1. Our membership totals 400 workers in the State of Alaska. Most of our members are employed by both TOTE and SEALAND as an essential part of their work force.

ICC regulations assist in maintaining honest competition by enforcing tariff filing and other essential elements of the regulatory system for our State. Our workers, who are also consumers in the Alaska economy, demand fair prices for the goods they buy; fairness that is insured by a regulated transportation system.

Although I am in favor of reducing the federal budget, I don't see how it could cost very much to maintain tariffs and be a watchdog over the carriers. It should not be expensive to transfer a portion of the current system as it relates to Alaska regulations to another federal agency such as the D.O.T.

The current system works well for me and my members, and is worth every penny. I hope you will work to make sure it continues to work for all of us in Alaska.

Sincerely,

Robert A. Witt, Jr.
Business Manager/Financial Secretary
Anchorage Independent Longshore Union

RAW/ltw

cc: See Attachment



General Teamsters Local 959 State of Alaska

affiliated with the International Brotherhood of Teamsters

ANCHORAGE, ALASKA 99501 700 SUNFACE BLVD. (907) 266-1127 FAX (907) 237-6668 GERALD L. HOOD Secretary/Treasurer

THUNDERBOLT, JUNEAU, ALASKA 99801 206 W. 10th ST. (907) 452-2956 FAX (907) 452-2051
JUNEAU, ALASKA 99801 306 W. 10th ST. (907) 588-3226 FAX (907) 586-1227

April 6, 1995

Honorable Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Dear Congressman Young:

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers in the Alaska trade.

I represent Teamsters Local 959, whose statewide membership totals 7,000 workers in the State of Alaska. Many of our members are employed by both TOTE and SeaLand as an essential part of their work force.

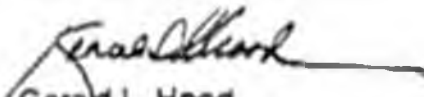
I believe that ICC regulation maintains honest competition by enforcing tariff filing and other essential elements of the regulatory system in our State. Our workers, who are also consumers in the Alaska economy, demand fair prices for the goods they buy; fairness that is insured by a regulated transportation system.

I am all in favor of reducing the federal budget, but I don't see how it could cost very much to maintain tariffs and be a watchdog over the carriers. It should not be expensive to transfer a portion of the current system as it relates to Alaska regulations to another federal agency such as the D.O.T.

The system we have today works well for me and my members and is worth every penny. I hope you will work to make sure it continues to work for all of us in Alaska.

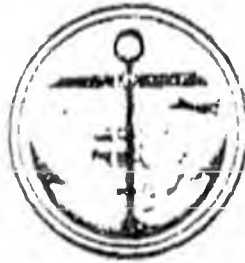
Very truly yours,

TEAMSTERS LOCAL 959


Gerald L. Hood
Secretary/Treasurer

/w/

Municipality
of
Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone (907) 343-4431
Fax (907) 343-4991

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

April 14, 1995

The Honorable Don Young
House of Representatives
2332 Rayburn House Office Building
Washington, D.C. 20515-0201

Dear Congressman Young:

We have received numerous letters regarding the possibility that Congress may act to abolish the Interstate Commerce Commission, the agency that regulates maritime freight transportation to Alaska.

Most of the letters express concern about the impact of this proposal on Alaska, especially in terms of stability of service and freight rates. Since marine transportation is the primary vehicle for freight shipped to the state, virtually all Alaskans will feel the effects of deregulation.

Several of the letters received have suggested that in the event the ICC is abolished, regulatory authority of the Alaska marine freight industry should be transferred to the Department of Transportation.

If Congress does act to eliminate the ICC, I hope you will consider the suggestions and concerns of our mutual constituents.

Sincerely,

Rick Mystrom
Mayor



March 31, 1995

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington DC 20515-0201

Dear Congressman Young:

The purpose of this letter is to request your support in opposing the current House Bill for any future legislative act that would repeal ICC regulation of water carriers in the Alaskan market.

Matanuska Maid Dairy is one of only a few manufacturers in Alaska and as such depends on reliable, cost effective freight relationships with both Sea Land and Totem (Oceanic) Express. Without the ability to access reasonable freight rates on raw materials and finished products, manufacturing in Alaska will be most difficult, maybe even impossible. Regulation by ICC helps promote honesty in the freight business. In the Alaskan market, competition is limited and some degree of that

we ship a lot of freight, we would not be considered a large shipper. We would like to show that the "rules" of the "game" are identified. We have found negotiations with the water carriers. If legislation were enacted that would change the "rules" that will become of the "land" concept? What power will smaller shippers have in obtaining the reasonable freight rates? I am concerned that without ICC regulation, mutual trust, cooperation and confusion will result.

**Alaska's Freshest
Dairy Products**

314 West Northern Lights Blvd
Anchorage, Alaska 99503

P.O. Box 39015
Anchorage, Alaska 99509-0015

Tele: (907) 561-5323 Fax: (907) 563-7492



The federal budget needs attention. I am sure that many programs can be eliminated to reduce costs and not cause a burden to society. However, I believe that the ICC provides a valuable service to the Alaska freight market. I do not doubt that the dollars saved through taxes will offset the increases that we will pay in increased freight charges.

Sincerely,

Joseph W. Van Treck
President

cc: Hon. Ted Stevens
Hon. Frank Murkowski
Hon. Tony Knowles
Hon. Rick Mystrom

/md



MARCH 30, 1995

Hon. Don Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515-0201

Attn: Chris Fluhr

Dear Congressman Young,

I am writing to urge you to oppose any legislation that would repeal ICC regulation of water carriers for the Alaska trade.

Alaska Fish and Farm Products is in the Foodservice Distribution business in Alaska and has been for over 50 years. We ship food products to Anchorage weekly via TOTE. The shipping is all done via water transport. This is the least expensive way to ship and the most expedient. We like most any other shipper rely on carriers like TOTE and Sea-Land for all of our freight to Alaska.

ICC regulations provide two very important items to shippers, first, it keeps the carriers honest; second, it provides a place for a small company to go to in the event of a problem with the carrier. If all that ICC does is abolished then it will force us to use the already over burdened court system to resolve a problem.

In Alaska we have been fortunate by having localized government be responsive to concerns with costs of the carriers. Last spring the Mayor of Anchorage was successful in helping to keep rates down but only because there is a printed tariff. Without the ICC this market will explode into a free for all in the shipping trade. If other carriers moved into the market we might see some lower prices. But for only a short period of time. Ultimately the shippers would suffer. If only TOTE and Sea-Land remain to be the only carriers for Alaska they would have virtually a free rein in terms of pricing because there would longer be a published tariff.

With the existing ICC regulations the carriers are required to file tariffs indicating the costs of shipping for everyone. The tariffs ensure that regardless as to how big or small a company you are you know what the rates are and that they are guaranteed. Not all company's receive the same rates as not all company's ship the same volume but we must at least know that we are all treated fairly

based upon on usage. In other words there is a level playing field. If Congress abolishes the ICC, what will happen to the tariffs? What would prevent the big suppliers from demanding low rates and forcing the carriers to increase rates to small shippers like me? It is difficult to stay alive as a small business today. Especially with the national firms doing business in our market.

I am all in favor of reducing the federal budget. I believe that it would not cost much and would be a greater value overall to continue the work of the ICC for the water shipping from Washington State to Alaska. Without the ICC I am confident that I would pay more in freight rates than the taxes I would save by repealing this regulation. This is one system that has proven to work. I hope you will work to make sure it continues to work for all of us in Alaska.

Very truly yours,



Brian F. Blatt
General Manager



Anchorage - Star of the North
Chamber of Commerce

Anchorage Chamber of Commerce
ICC Resolution
94/95-14

WHEREAS both President Clinton and the leaders in Congress support legislation to abolish the Interstate Commerce Commission (ICC), and such legislation seems likely to pass Congress in the near future; and

WHEREAS the ICC regulates interstate marine transportation to and from Alaska, as well as interstate trucking in the Lower 48; and

WHEREAS the expected benefits of deregulation coming from the abolition of the ICC will in fact come about chiefly through increased competition, and

WHEREAS the market for interstate marine transportation to and from Alaska is too small to attract significant new competition if there is deregulation of that market, and this in turn means that the market for interstate marine transportation to and from Alaska is likely to continue to be dominated by the same two marine transportation carriers that currently dominate it;

WHEREAS the small interstate shippers to or from Alaska are likely to suffer under deregulation of the interstate marine transportation market to and from Alaska, since there will be no regulatory body to which they can turn to protect their interests and there will be inadequate competition for their business to allow them to protect their interests on their own by pitting one carrier against another for their business.

WHEREAS it is anticipated that federal regulation of interstate marine transportation to and from Alaska, including all associated tariff filing costs will be held to an absolute minimum if this regulation were transferred to the U.S. Secretary of Transportation when the ICC is abolished.

Post-Net Fax Note	7871	Date 4/12/95	Page 2
To	1000	From	201 Nelson
Co/Dept	1000	Co	ICC
Phone #	2195-7232	Phone #	272-2401
Fax #	272-5401	Fax #	272-4117

NOW, THEREFORE, BE IT RESOLVED by the Anchorage Chamber of Commerce:

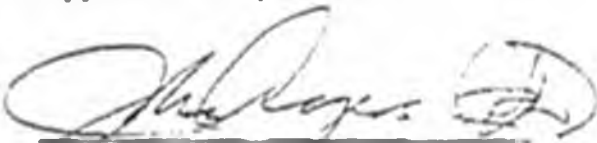
1. That the chamber supports the abolition of the Interstate Commerce Commission provided its regulatory functions over interstate marine transportation are preserved and transferred to the U.S. Secretary of Transportation or similar federal official;

2. That the chamber respectfully asks the Alaska Congressional Delegation to strive to ensure the transfer of the ICC's regulatory functions over interstate marine transportation to the U.S. Secretary of Transportation or similar federal official when the ICC is abolished;

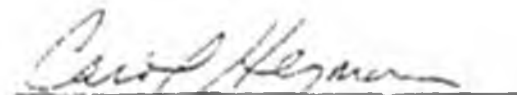
3. That the chamber respectfully asks the Alaska State Legislature and the Municipality of Anchorage to adopt resolutions supporting the transfer of the ICC's regulatory functions over interstate marine transportation to the U.S. Secretary of Transportation or similar federal official when the ICC is abolished, and to transmit copies of such resolutions to Alaska's Congressional Delegation as soon as possible, inasmuch as Congressional action on the legislation is likely to come quickly; and

4. That copies of this resolution be transmitted forthwith to the Alaska Congressional Delegation, to the Alaska State Legislature, to the Municipality of Anchorage, and to the press.

Approved on April 7, 1995



John Ayers 1994-95 Chairman



Carol Heyman, President

FAIRBANKS DISTRIBUTORS



1851 Fox Avenue
Fairbanks, Alaska 99701

Phone: (907) 456-7088
Fax: (907) 451-0438

April 25, 1995

Chamber of Commerce Transportation Committee
Greater Fairbanks Chamber of Commerce
Fairbanks, Alaska

Subject: Requested Considerations and Changes: Resolution 95-0410

A Resolution Relating to Regulation of the Water Carriers Serving Alaska

Dear Chamber of Commerce Transportation Committee Members:

Thank you for consideration of my concerns regarding the above referenced Resolution. Please accept my apologies for being "late" on this issue, my schedule, and your meeting schedule, have not allowed me to attend your prior two meetings at which this issue was discussed.

This issue has consumed a great deal of my time over the last eight years and I appreciate the opportunity to present my opinion on what I consider to be a very important action on the part of our Chamber. I am sure you will agree that all sides of this issue must be aired and objectively analyzed before knowledgeable action can be taken.

This resolution may appear to be a rather benign, but, in fact, it is extremely important to the people of the Interior. This resolution directly affects the pocketbook of 80% of all Alaskans and 100% of all people in the Greater Fairbanks/North Pole area. Resolution 95-0410 addresses the current and future costs of bringing a broad assortment of goods, nearly 100% of what we use in our daily lives, from the Pacific Northwest to the Port of Anchorage and on to areas beyond the Anchorage bowl. Additionally, this Resolution may be a very important component in the process currently underway in our Congress as they reshape how we are governed and/or regulated.

This resolution is currently before you because of three factors:

- 1) The current mood in the United States Congress, and the November 1994 mandate of the citizens of the United States, to limit the affect that government plays in our daily lives. This mood has led to the Clinton Administration, led by Secretary of Transportation Federico Pena, to issue a position paper, written to Vice-President Gore and Congressman Newt Gingrich, which states:

"It is now time to eliminate those elements of economic regulation that provide no benefits and to enhance the productivity and competitiveness of the United States industries in domestic and world markets. To accomplish this purpose, I am transmitting a bill:

'To amend subtitle IV of Title 49, United States Code, to eliminate unnecessary regulation of transportation industries, to streamline regulation of rail carriers, to sunset the Interstate Commerce Commission, and for other purposes.'" (Author's emphasis added) (Letter from Secretary Pena to Vice President Gore and Representative Newt Gingrich - April 5, 1995).

- 2) The November 1994 elections placed our Alaskan Senators and our Representative in very powerful committee seats which deal directly with these very issues.
- 3) The water carriers (Totem Ocean Trailer Express, Inc. (TOTE) and Sea-Land, Inc. a division of CSX, Inc.), which transport the goods that are so vital to Alaska, are concerned about a total elimination of regulation of the Alaska water carrier freight trade. This would very well happen if the ICC was sunsetted as proposed by Secretary Pena.

If Congress does bring an end to the Interstate Commerce Commission, resolution 95-0110 encourages Congress to place the regulatory functions of the ICC within the Department of Transportation. This may or may not be acceptable depending on other components of the freight rate structure as it deals with Alaska.

With this as background, I would respectfully request that you consider the following:

We must address three vital points when considering changes to the manner in which Alaskans are regulated or unregulated, regarding the costs of transporting, by water carrier, goods to our State:

Point 1) Free Market Validation

The costs borne by the customers are free market validated.

All rates and charges are public knowledge, there are no secret "contracts of affreightment".

Point 2) Equal Treatment and Opportunity

All customers of the service providers (water carriers) must be provided equal opportunity and treatment regardless of their size.

That is not to say that all rates are the same, regardless of size of shipper; there must be a discounted structure for the larger shipper. However, that discount must be available to all customers and should reflect only the savings realized by the economies of scale of dealing with a larger customer. The premium paid by the smaller shipper must not be some arbitrary number that places the small shipper at an unfair competitive disadvantage to the larger shipper.

Point 3) An Open Port

The people of the State of Alaska must demand there be an "Open Port" philosophy.

Any carrier, any time, assuming that the prospective carrier is legal, properly equipped, and seaworthy, must have access to provide services for the Alaskan trade. There must be no need for establishing need or obtaining approval to begin service.

The above requests are made after considering the following issues regarding the current freight structure.

A) COMPLEXITY

This is an extremely complex issue, and while Resolution 95-0410 may appear to be very straightforward, it is indeed a major piece of legislation and therefore must be treated with proper understanding and attention. I certainly do not comprehend all the issues and resulting ramifications of what may be the result of this ICC regulation move to the Department of Transportation, but there are people with whom I have talked that are well based in these issues and can talk freely and knowledgeably. Please take advantage of these resources if at all possible. I have a list if you, or your fellow committee members, would like to contact these very knowledgeable people.

B) DUOPOLY

80% of the people in Alaska are affected by this classic duopoly situation: there are two providers (TOTE and Sea-Land) of a vital service (water transportation between the State of Washington and Alaska) demanded by many (80% of all Alaskans).

In such a situation, the providers of the vital service owe to their customers, and the customers must demand, the highest degree of fairness and disclosure.

In a true competitive situation with many competitors, each company, over the long run, must determine the least expensive method by which to provide its services. In contrast in a duopoly, the one company must determine only how to provide services on par with its sole competitor. There is a significant difference in these two situations and one that, upon close inspection, will show the pervasive effects of our two provider duopoly situation and reinforce the need to recognize and develop a structure around which our freight system is built and associated rates are validated.

This is the essence of my comments regarding Resolution 95-0410. Whatever structure the current regulatory functions take, if any at all, the structure must recognize the economic situation under which services to Alaska are provided.

C) THE ICC CURRENTLY EXISTS IN NAME ONLY

You will remember that in 1994, the City of Anchorage brought suit before the ICC in a valid and serious challenge to the ongoing rate structure that has been

developing over the last fifteen years in the Alaska trade. The City spent almost \$500,000 and, while developing some reliable data, never really was able to move the case forward, certainly not to the point of a formal hearing. The issue was eventually settled by a less than suitable "agreement" between the City of Anchorage and the water carriers. One of the primary components in realizing the "wisdom" of such a settlement was the threat, real or perceived, but certainly discussed, of continuing legal fees on behalf of the plaintiffs in the suit (primarily the City of Anchorage).

The ICC is currently of no use to Alaskans, therefore why do we want to encourage the continuation of a Federal regulatory body which exists in name and persona but, because of extraordinary financial requirements for access, is not accessible to those that are supposed to be regulated or those that are to be the beneficiaries of such regulation. If the City of Anchorage and its Port cannot mount a reasoned and logical challenge which questions the method by which our freight costs are determined, who is left? Only the State of Alaska and I would suggest that a suit brought in front of a Federal regulatory body, and costing millions of dollars on a intermittent, yet reoccurring basis, would be distasteful at best to our legislature and our Governor.

Therefore we should question the wisdom of encouraging the retention of the ICC by asking the question - "What good does it do the people of Alaska?" My answer is very little good and it should be eliminated as our regulatory body.

D) CONTRACTS OF AFFREIGHTMENT (Secret Freight Contracts)

A portion of the Alaska trade has been treated unfairly by the water carriers because of the industry's practice of the water carriers entering into secret freight contracts with certain selected customers. Customers without "contracts" have borne the full affect of annual rate increases (regularly each year amounting to 4 - 10%) while those customers that are granted "contract" status enjoy little or no exposure to the respective General Rate Increase (GRI). The "contract/no contract" status is entirely up to the water carriers.

This policy has had, and will continue to have the potential to damage the smaller shipper as their freight component of their transported goods increases at a disproportionately greater rate than the "contract" shippers.

This is not an issue of Big vs. Small; it is an issue of all customers being treated equally and fairly.

I have spoken with Mr. Bob Mcgee, CEO of TOTE and he indicated to me that he was strongly in favor of such an open rate structure as were others in the industry. I find that position both very encouraging and very bold on the part of Mr. Mcgee and TOTE.

E) THE PEABODY STUDY

One of the products of the City of Anchorage's 1994 ICC rate challenge was a study done by a reputable economics firm, L.E. Peabody Co., Washington, D.C. In that study doubts were raised as to the validity of the overall rate level being charged to the people of Alaska. From two different sources described and referenced in the study, there are indications that there may exist significantly inflated overall rate levels throughout all classes of freight currently being carried to Alaska by the water carriers.

A thorough analysis of the Peabody study was precluded by the subsequent settlement between the City of Anchorage and the water carriers. However, due to the magnitude of the potential discrepancies between "Alaska rates" and rates from comparable worldwide markets, this study cannot be neither ignored nor shirked off as simply a "bad study". The City of Anchorage should insure that this important document is made a public document and allowed to stand, or fall, on its own merit.

The Peabody Study must not be ignored.

F) TIME FRAME FOR CONGRESSIONAL ACTION

At present there is not a need to rush to action on this issue. The House hearings have been rescheduled again into May at the earliest and there is no U.S. Senate action currently pending. The President is expected to include money in his upcoming budget only to wind down the ICC through October of 1996.

What we originally thought was immediate action on the U.S. House floor appears to be postponed into the summer.

G) RESOLUTION 95-0410

In conclusion I would like to summarize my concerns and suggestions by addressing Resolution 95-0410 by section.

Whereas #1: Agreed - true

Whereas #2: Agreed - true

Whereas #3: Delete: the people of Alaska have not asked "to preserve tariff filing and the other essential elements of the current system". TOTE has asked, but given the discussion and concern expressed above, this whereas deserves a great deal more study. It should not be included in its current form because it is not accurate.

Whereas #4: See comment above and comment C page 4.

Do we really want/need the ICC? Do not free market and open port validated rates replace the need for an oversight body such as the ICC? This certainly deserves a great deal more study before it is passed as the will of the people of Alaska.

Whereas #5: See above discussion.

Whereas #6: Totally inaccurate. In no way, shape, or form is this true and is written as to be only self-serving on behalf of the water carriers. The record simply does not support this statement and it should be eliminated in its entirety.

Proposed "Whereas" Additions

Proposed Whereas #7: Whereas the water carrier regulation by the Interstate Commerce Commission is unique only to the Alaskan trade.

Proposed Whereas #8: Whereas the Alaskan shipper and consumer are best served in a duopoly market situation by the absence of secret freight contracts and the presence of an open book tariff structure.

Proposed Whereas #9: Whereas the Alaska shipper and consumer are best served by an "open port" policy controlling the level of service to our State.

Proposed Whereas #10: Whereas the freight system under which Alaskans receive their vital cargo must treat all shippers equally and fairly and guarantee equal access to competitive rates.

Proposed Whereas #11: Whereas the issue of the cost of transporting water carrier freight to Alaska is extremely complex and changes, or lack of changes, will affect most all Alaskans in their daily lives.

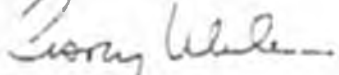
Therefore Be it Resolved: The Governor, in concert with the State Legislature and our Congressional delegation, enlist expert assistance to design and implement a freight system which meets, 1) the needs of the Alaskan consumer, and 2) provides an fair and equitable return to the water carriers who choose to serve Alaska.

H) CONCLUSION

This is a very important resolution addressing a very important issue. This resolution represents the people of Alaska's best opportunity to insure that the costs of bringing freight to Alaska is the cost of transportation only plus a legitimate return on investment for the carriers. It is additionally our best chance to insure that all customers are treated equally and fairly and each are given equal economic opportunity. Since deregulation of freight occurred in 1979, the system of bringing freight to Alaska has been broken; this Resolution can go a long way to provide a fix and thereby provide ongoing benefit to all Alaskans, particularly those in the Railbelt.

I am available to provide further input. Your help to assist the people of Fairbanks and North Pole is very much appreciated. I realize this is a very difficult issue but one that truly affects every resident of the Railbelt and the Tanana Valley.

Sincerely Yours,



Gary Wilken

President

HJR

65

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 4/18/96

FURTHER:

DATE TURNED INTO OFFICE: 4/26/96

The Transportation Committee considered **HOUSE JOINT RESOLUTION NO. 65**

Relating to proposed Federal Aviation Administration regulations establishing crew member flight time limitations.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR^o _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Handwritten Signature]</i>	✓				
<i>[Handwritten Signature]</i>	✓				
<i>[Handwritten Signature]</i>	✓				
<i>[Handwritten Signature]</i>	✓				
CHAIR: <i>[Handwritten Signature]</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
DOT/PE	4/3/96	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Alaska State Legislature

House of Representatives



Transportation Committee

SPONSOR STATEMENT

HJR 65

Relating to proposed Federal Aviation Administration regulations establishing crew member flight time limitations.

The Federal Aviation Administration (FAA) is proposing to implement regulations which would limit the number of hours air taxi pilots would be allowed to fly in a month.

Research indicates that most air taxi operators in Alaska utilize their pilots in excess of this proposed limit on a regular basis. As can be seen in HJR 65, these regulations will have a drastic impact on air taxi operations in Alaska.

These businesses are operating safely and this requirement would be over restrictive and costly. In essence, these regulations will be detrimental to the livelihood of Alaskan pilots and air taxi business owners alike.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HJR #65

Revision Date: 4/3/96 Dept. Affecting: DOT&PF
 Title: A Resolution relating to proposed Federal Aviation BAU: Station Maintenance and Operations
 Administration regulations establishing flight time limitations. Component: Highways and Aviation
 Sponsor: Transportation
 Requester: House Transportation COMPONENT SERIAL NO. 1988

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Loren Rasmussen, P.E., Acting Director Phone: 465-2960
 Division: Engineering and Operations Date: 4/3/96
 Approved by: *[Signature]* Date: 4/3/96
 Joseph L. Perkins, Commissioner
 Agency: Department of Transportation and Public Facilities

PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL

Certificate holder period and the continuation of the next subsequent duty period.

(2) The duty period required under this paragraph (2) may be extended to 25 hours when the extension is due to operational delays. In this case the 25 hour rest period may not be reduced.

§ 125.285 Reserve and standby assignments.

(a) Standby duty. Standby duty commences when a flight crewmember is placed on standby duty assignment. Standby duty periods must be scheduled in accordance with § 125.283. Standby duty periods end when the duty period associated with a subsequent flight assignment ends or the flight crewmember is relieved from standby, they be a scheduled rest period.

(b) Reserve base.

A certificate holder may assign a reserve assignment to a flight crewmember and a flight crewmember may accept that assignment only when the applicable provisions of this section are met. Each flight crewmember must be given a 10-hour rest period before being assigned to reserve duty. Reserve lists may be assigned under either of the following options and the flight crewmember must be notified of which option has been selected before the beginning of the reserve duty assignment:

(1) A certificate holder may schedule a flight crewmember assigned to reserve duty and a flight crewmember may accept any duty period if the flight crewmember receives at least 10 hours notice and if the duty period is scheduled in accordance with § 125.283. If a flight crewmember does not receive at least 28 hours notice, the following limitations apply:

(i) If at least 8 hours notice is given the scheduled duty period is limited to no more than 12 hours. The duty period required under this paragraph (b)(1) may be extended to 14 hours when the extension is due to operational delays.

(ii) If at least 8 hours notice is given the scheduled duty period is limited to no more than 12 hours when the extension is due to operational delays. (iii) If fewer than 8 hours notice is given the scheduled duty period is limited to no more than 8 hours. The duty period required under this paragraph (b)(1) may be extended to 10 hours when the extension is due to operational delays.

hours when the extension is due to operational delays.

(2) A certificate holder may assign a flight crewmember to a rest assignment and a flight crewmember may accept a duty period. For each 24-hour period, the flight crewmember receives at least a regularly scheduled 6-hour period that is protected from any carry-over by the certificate holder. The hours of the 6-hour protected time period must be assigned before the flight crewmember begins the reserve duty assignment and must occur at the same time during each 24-hour period during a reserve duty assignment. Any duty period assignment must be scheduled to be completed within the 18-hour reserve period. The length of the duty period and the subsequent rest period must be in accordance with § 125.283.

§ 125.287 Additional flight crewmember duty pay and flight time scheduling limitations.

(a) A flight crewmember is not considered to be scheduled for a duty period in excess of the scheduled duty period limitations if the duty periods to which he or she is assigned are scheduled and notified within the limitations. Not, due to operational delays, the flights to which he or she is assigned are not at least out time expected to reach their destination within the scheduled duty period. However, no air carrier may schedule a flight crewmember, nor may a flight crewmember accept a flight that is block out when would extend the flight crewmember's scheduled duty period maximum more than two hours, as provided in § 125.283.

(b) A flight crewmember is not considered to be scheduled for flight time in excess of the flight time limitations if the flights to which he or she is assigned are scheduled and normally terminate within the limitations, but due to operational delays are not at least out time expected to reach their destination within the scheduled time.

§ 125.288 Penalty and monetary flight crewmember flight time limitations.

No certificate holder may schedule any flight crewmember and no flight crewmember may accept an assignment for flight time under this part if that flight crewmember's total flight time for a certificate holder under parts 91, 121 and 125 of this chapter will exceed—

- (a) 25 hours in any 7 consecutive calendar days.
- (b) 100 hours in any calendar month.

§ 125.271 Additional flight crewmember rest requirements.

(a) No certificate holder may assign any flight crewmember and no flight crewmember may accept any duty period or flight time with the certificate holder unless the flight crewmember has had at least the minimum rest required under this subpart.

(b) No certificate holder may assign any flight crewmember and no flight crewmember may accept any duty with the certificate holder during any required rest period. For example the flight crewmember may not be required to carry the certificate holder, answer the telephone, carry a bag, remain at a specific location or in any other way be responsible to the air carrier during a rest period.

(c) Rest periods that are required under this subpart can occur concurrently with any other rest period under § 125.283 only if they are used due to operational delays and may not be scheduled in advance.

(d) Each certificate holder shall provide each flight crewmember who is assigned to one or more duty periods, standby duty, or reserve lists a rest period of at least 36 consecutive hours during any 7 consecutive calendar days.

(e) Each certificate holder must provide each flight crewmember assigned to assigned time, when the assigned time is not part of a duty period, a rest period of at least 10 hours before the commencement of a subsequent duty period.

(f) Each certificate holder must provide each flight crewmember at least 48 consecutive hours of rest upon return to the flight crewmember's home base after completion of one or more duty periods that terminate in a time zone or region that differs from the home base of the flight crewmember's home base by 8 or more hours and the flight crewmember remains in that time zone or region for at least 48 consecutive hours. The flight crewmember must receive that rest before beginning a subsequent duty period. The home base is determined by the certificate holder and is where the crewmember is based and normally schedules.

§ 125.273 Crew rest transportation.

Time spent in transportation, not local in character, that a certificate holder requires of a flight crewmember and provides to transport the crewmember to an airport at which he or she is to serve on a flight as a crewmember, or from an airport at which he or she was relieved from duty to return to his or her home station is not considered part of a rest period. For

duty §
certif
time §
period
§ 125.
No
emp
cond
may
certi
with
certi
duty
this
obs
125
per
059
cre

Ketchum



AIR SERVICE, INC.

MAIL: P.O. BOX 190528

ANCHORAGE ALASKA 99519-0528

907-243-5525

On the North Shore of Lake Hood

800-433-9114

FAX 907-243-8311

Representative Coc Bunde
Juneau, Alaska

2-5-96

Ref: FAA Proposed Rule. Flight
Time and Duty (Docket No. 28081 Notice 95-18)

Dear Coc,

The proposed FAR Part 135.259 and 135.271 will have a devastating effect on our flight operations here in Alaska. It will not allow our operations to be financially viable requiring us to either double our pilot force or downsize and drastically reduce our job force. It will reduce the scheduling of our experienced pilots and replace them with low time and inexperienced pilots. It will not serve the traveling public safety interests.

Ketchum Air Service, Inc. is largely a seasonal floatplane operation. Our busy months (June- September) see the pilots flying 150-200 hours monthly and the rest of the year the pilots are furloughed. This is their sole source of income. Currently the pilots are paid an hourly rate to fly and to reduce their flight time to the proposed 100 hours per month will slash their pay from 30-50%. The alternative is to pay a higher rate to compensate for the reduced flight hours. An unreasonable added cost. In addition a second pilot will need to be trained and paid to make up the balance of our flight requirements. An added cost.

Safe floatplane piloting requires hard earned experience. It is a specialty that low time inexperienced floatplane pilots strive to attain. They are usually nurtured for years to reach this level and experienced pilots are a rare commodity. We will be forced to incorporate these low time pilots at the cost of higher maintenance rates, higher insurance rates, higher seat fare rates, higher accident rates. An unacceptable human cost.

The alternate to more pilots is downsizing, and cost saving by eliminating improvements in every facet of our business that has taken almost thirty years to build. Fellow operators here in Alaska are just learning about this new proposal, and probably most will miss the comment deadline completely.

We have until March 19, 1996 to make comment to the deaf ear of the FAA. Please help us survive this economic and safety disaster. I look forward to a telecon to highlight further concerns.

Respectfully,
Craig L. Ketchum
President



ACVB

Craig

HELP PROTECT OUR WILDERNESS RESOURCES

FISHING - LODGES - CAMPS - CHARTER - CONTACT - RIVER FLOAT TRIPS - BOATS - MOTORS - RUBBER RAFTS

CORRESPONDENCE



COPY

ALASKA STATE LEGISLATURE
REPRESENTATIVE RICHARD FOSTER

Session STATE CAPITOL ROOM 410 JUNEAU ALASKA 99811 • 907 465 3789 • FAX 907 465 3242
Permanent PO BOX 630 JUNEAU ALASKA 99802 • 907 443 5036 • FAX 907 443 2152

March 11, 1996

Federal Aviation Administration
Office of the Chief Counsel, Room 915G
800 Independence Avenue, SW
Washington, DC 20591

RE: Notice of Proposed Rulemaking on Crewmember Flight &
Duty Time Limits (No. 95 - 18) - Docket #28081.

Dear Sir/Madam:

Please enter this letter into the public record for the above referenced proposed rulemaking docket.

As a lifelong Alaskan, a private pilot, retired Part 135 fixed base operator and a member of the Alaska House of Representatives, I wish to go on record in strong opposition to the proposed rulemaking on crewmember flight & duty time limits. While I understand the agency's concern for public safety, I implore the decision makers to consider the protests raised by the National Air Transportation Association (NATA) and the Alaska Air Carriers Association (AACCA).

Plain and simple, Alaska is unique. The seasons here demand variability in rulemaking, not blind adherence to a standard designed for the "Lower 48" states. The distances in Alaska require flights of longer duration. Economics dictate that businesses operate when the weather permits. The geography of Alaska eliminates alternative forms of transportation in many areas of the state, making air transport the sole means of delivering goods and services.



REPRESENTATIVE CON BUNDE
CO CHAIR HEALTH, EDUCATION
& SOCIAL SERVICES
VICE CHAIR RULES

Alaska State Legislature
House of Representatives

DURING SESSION
STATE CAPITOL ROOM 108
JUNEAU ALASKA 99801-1182
1 (907) 485-4843

DURING INTERIM
716 WEST 4TH AVENUE
ANCHORAGE ALASKA 99501-2121
1 (907) 258-8182

MEMORANDUM

DATE: February 20, 1996

TO: Representative Gary Davis, Chair
Transportation Committee

FROM: Representative Con Bunde

RE: Information For Resolution Supporting Alaska's Air Taxi and
Opposing Proposed FAA Regulations

SPECIAL ALASKA CIRCUMSTANCES

- Need for high level proficiency - familiarity with local weather, terrain and fly conditions - Translates to a need for a high level of local and regional flying experience.
- Reduced safety by limiting pilot experience in the area - Reduced safety by capping income so that more experienced "high time" pilots would be unable to make a living. This would encourage employment of "low time," inexperienced, time builder pilots. Reduced safety by forcing air taxi operators and owners to stop operating large twin engine aircraft and return to the use of smaller single engine aircraft.

Alaska's unique fly conditions and great dependence on aviation for transportation due to lack of roads and other alternatives require that Alaska be allowed an exemption from air taxi regulations proposed for the Lower 48. In the case of Alaskan aviation one size does not fit all.

ROUTE TO:

INITIAL REPORT

File 96-302

FILE IN NATA BINDER

FAA PROPOSES SIGNIFICANT CHANGES IN FLIGHT AND DUTY TIME REQUIREMENTS

January 4, 1996

What's at Issue

The FAA has issued the much anticipated notice of proposed rulemaking (NPRM) proposing sweeping changes to the flight crewmember duty period, flight time and rest requirements.

Why It's Important

On-demand and scheduled Part 135 certificate holders would be regulated under the same requirements as the Part 121 airlines in the NPRM. The proposal also includes new limitations and modifications to the existing regulation of flight and duty time, altering on-demand air charter operations and imposing additional costs to conduct operations.

Major Provisions

Overview

The existing 14 hours duty time, 10 hours flight time and 10 hours rest time for a two pilot crew Part 135 unscheduled operation remain the same. The 14 hours duty time, 8 hours flight time and 10 hours rest time limitation for single pilot also are unchanged. Flight time would be limited to 12 hours weekly and 100 hours monthly. While not specifically stated, the quarterly flight time limit would be 300 hours and the annual limit 1200 hours. All flying, including positioning flights and deadheading as required by the certificate holder, would be included in the flight and duty time limitations.

Operational Extensions

Duty time operational extensions would be limited to two hours (currently there is no specified limit). The NPRM also defines operational delays and requires compensatory time for exceeding duty time.

Rest Time

The FAA proposes a 36-hour rest period during any seven consecutive days. This is changed from the existing requirement for thirteen 24-hour rest periods each quarter. A reduced rest period of nine hours is permitted under the NPRM, but requires compensatory rest times.

Reserve Time

Under the proposal, reserve time cannot be considered rest time, although it is also not considered duty time. The FAA is also proposing linking notification time for a pilot on reserve to report with duty time. This means if a pilot in reserve is notified more than one hour and less than 10 hours prior to report time, the maximum duty time is decreased to as few as six hours. For pilots notified to report with less than one hour of response time, this is considered as standby time and would count as duty time.

NATA

NATIONAL AIR TRANSPORTATION ASSOCIATION • 4500 Reg Street, Alexandria, Virginia 22304 • (703) 848-8800 • FAX (703) 848-8176

OVER..

Regulatory Report

**NATA
Position**

NATA is extremely concerned with the effect of the FAA proposal on the Part 135 industry. It is disappointing that the FAA failed to consider the differences between on-demand air charter and scheduled operations in the NPRM. The Association is shocked and dismayed the FAA was unable to include an estimate of the potential cost of the proposed rule on air taxi operators. NATA's President Jim Coyne has also met with House Aviation Subcommittee Chairman, John Duncan, strongly encouraging him to conduct hearings on the FAA proposal.

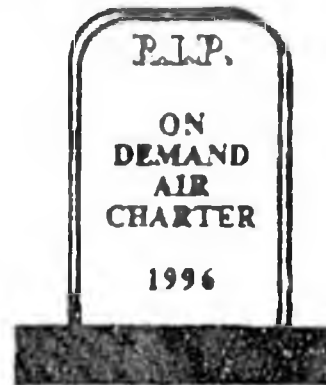
Status

The comment period is scheduled to close on March 19, 1996. However, on December 27, 1995, NATA sent an urgent request to the FAA Administrator to extend the comment period by 90 days and hold a series of public meetings to examine the effect and the costs of the NPRM on the on-demand Part 135 segment of the industry. The Association's Air Charter Committee is meeting on January 11 to review the proposal and develop alternatives to make to the FAA. Those recommendations, along with details on submitting comments to the FAA, will be sent to NATA members.

Members interested in receiving a copy of the NPRM along with an analysis of the proposal developed by Professional Aviation, Inc. exclusively for NATA should use the enclosed order form or contact Cindy Alosie at 1 (800) 808-6282.

Staff Contact: Andrew Y. Cibula
Vice President, Government and Industry Affairs

JUDGEMENT DAY FOR AVIATION
The end is near...unless you act now!



ALL ALASKA PART 135 OPERATORS:

DO YOU KNOW?
UNLESS YOU ACT NOW, THE FAA COULD PUT YOU OUT OF BUSINESS!

Whether you are a Part 135 on-demand air charter operator or aviation service business, the FAA's proposed crewmember flight and duty time limitations threaten your future. The FAA's action establishes unrealistic, unnecessary and unjustified limits on the flight and duty time of on-demand air charter pilots, increasing labor and operating costs for air charter companies by over 50%, and severely limiting the availability of this vital transportation service. Implementation of the proposed rules would be devastating to Alaska's on-demand air taxi industry because it does not accommodate the seasonal nature of our businesses. Companies providing aircraft fueling and handling, along with maintenance and parts sales, will witness dramatic decreases in their business as the air charter community is unable to continue operating responsible on-demand services.

Orin Seybert of Penair, wrote in an open letter to the public recently, "The NPRM allows for the 8 hrs. day, but then has limits of 32 hrs per week and 100 hrs. per month. This will require bush operators to literally double their pilot staffing.Think about it. A pilot in rural Alaska during our busy summer will only be able to fly four days a week for the first three weeks of a month. Then the last week he can only do four hours!"

YOU MUST JOIN THE FIGHT TO SAVE YOUR INDUSTRY!

The National Air Transportation Association (NATA) in partnership with the Alaska Air Carriers Association (AACA) is lobbying for aviation business and is leading the effort to fight the FAA's proposal. We can't win alone however—you must act now by taking three simple steps.

1. Contact your Members of Congress urging their opposition to the FAA proposal 2. Send your letter of opposition to the FAA. (with a copy to AACA) and 3. Enlist one other affected person or business to act. Time is running out, don't passively accept the FAA's misguided proposal--act today! Here's how:

1. CONTACT YOUR CONGRESSIONAL DELEGATION

Senators Ted Stevens and Frank Murkowski and Representative Don Young are elected to serve you in Washington D.C. The on-demand industry is in trouble and needs their help. A personal meeting is the best lobbying technique and can be arranged through a call to the local delegation office. If this isn't convenient, call their Washington offices to speak directly with the Senators or Representative (if they are unavailable, talk to the staff member that handles transportation issues) and follow-up with a letter. It is important and they will listen to you. The phone numbers and addresses are provided below.

2. CONTACT THE FAA

The FAA must be contacted in opposition to this proposed rule. The Agency has a special office that receives all comments on rulemaking efforts such as this one. The letter should be on your company's letterhead.

COMMENTS ARE DUE BY MARCH 19, 1996

Mail your comments in triplicate to:

Federal Aviation Administration
Office of the Chief Counsel
Attention: Rules Docket (AGC-200)
Room 915G, Docket No. 28881
800 Independence Avenue, S.W.
Washington, D.C. 20591

3. ENLIST OTHERS

If you get just one other person to contact Congress and the FAA, you double the impact of your efforts. You know others at your airports and

in your communities who will be affected. Give them this information and have them join you in working to stop FAA's action.

THE MESSAGE

The FAA must exclude Part 135 on-demand air charter from its proposed flight and duty time proposal. The following points should be used to support your request:

- The FAA proposal will decimate Alaska's small air carrier businesses operating Part 135. It removes all of the flexibility needed for seasonal and unscheduled operations by requiring them to meet flight, duty and rest rules designed for scheduled airlines. This will result in at least a 50% increase in flightcrew hiring and payroll expenses needlessly inconveniencing customers with no increase in safety.

- The proposal mandates excessive scheduled rest times and limited flight times without providing any data identifying a fatigue or safety problem that would justify applying the regulations to the Part 135 on-demand industry.

- Emergency Medical Services, organ transport flights and cargo flights will be severely affected by the proposal's restrictions on pilot reserve and scheduling--effectively requiring substantial advance notice for emergency or unplanned flights. This endangers Alaska's health care system and the ability of Alaskan residents to depend on unscheduled air transportation for everyday life.

- The FAA admittedly failed to identify the impact of the proposal on the small businesses providing essential on-demand air charter transportation and the aviation businesses supporting them with aircraft fueling and handling along with maintenance and parts sales to affected Part 135 companies. The Agency also did not estimate the potential operational delays and increased costs of the rule on the Part 135 on-demand industry and their customers.

- The proposal is strongly biased against Part 135 certificate holders, mistakenly requiring Part 91 flying of managed aircraft to be conducted under the flight and duty time restrictions. Likewise, the FAA fails to recognize the diverse nature of many air charter companies with its assigned reserve limits unjustly singling out pilots by severely penalizing them with a reduction in duty time for non-flying responsibilities.

•The FAA proposal is an excellent example of regulatory overkill that uses a Federal regulation to mandate labor union work rules on the small businesses providing on-demand air charter. This virtually eliminates the important transportation link provided by Part 135 operators to many smaller and remote Alaskan communities not served by scheduled operations.

•Explain the impact the proposal will have on your charter business, or other services you provide air charter such as fuel sales, maintenance business, or other sales and service.

YOU MUST TAKE THE TIME TO CONTACT YOUR ALASKA DELEGATION MEMBERS AND THE FAA TO PROTECT YOUR BUSINESS AND ENSURE YOUR FUTURE!

Honorable Ted Stevens
United States Senate
522 Hart Building
Washington D.C. 20510-0201
(202) 224-3004 phone
(202) 224-2354 fax

Honorable Frank Murkowski
United States Senate
706 Hart Building
Washington, D.C. 20510-0202
(202) 224-6665 phone
(202) 224-5301 fax

Honorable Don Young
House of Representatives
2332 Rayburn House Office Building
Washington, D.C. 20515-0201
(202) 225-5765 phone
(202) 225-0425 fax

"The AACA Convention & Trade Show, March 3-6, includes a more indepth discussion on this topic. I strongly recommended that you attend the program, determine to what extent the rule affects your operations, and take immediate action to protect your business". Kim Daniels Ross, Executive Director, AACA

For more information contact:

AACA
1117 E. 35th Suite 102
Anchorage, AK 99508
(907) 277-0071
(907) 277-0072 fax