S. HRG. 109–174

ALASKA AVIATION

FIELD HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

JULY 5, 2005

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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ALASKA AVIATION

TUESDAY, JULY 5, 2005

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Anchorage, Alaska.

The Committee met, pursuant to notice, at 9:30 a.m. in the Loussac Library, Anchorage, Alaska, Hon. Ted Stevens, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

The CHAIRMAN. Good morning, I thank you all for being here. Thank you for making the trip to Alaska. It's an honor to have you both here to testify today.

As you know, Alaska depends on aviation more than any other state. Over 70 percent of our cities and towns are reached by air; that's year-around. And as you know, instead of cars and buses, we have airplanes and aircraft.

Alaska has 7 times more licensed pilots than the national average. About 21,000 active pilots; nearly 10,000 registered aircraft. Our state accounts for 20 percent of the air space that you administer.

And as our skies get more congested, it's important to utilize this air space effectively and efficiently.

We have new innovations such as Capstone and Medallion; and both have had your full support. We thank you for that. I look forward to your testimony in this regard.

We have very substantial reliance upon the program for Essential Air Service, as you know, and that Essential Air Service gives us access to hospitals, mail service, food, and basic supplies. We've also been working with you on lighting. It's very difficult to assure essential lighting for Alaska's rural airports, and we've managed to obtain substantial funds in the last 4 years, and I'm pleased to say that we have had additional infrastructure for nearly 50 communities through that program, and we're hopeful that by the time Alaska reaches our 50th anniversary of statehood every—every runway in the state will have runway lights.

I could go on and on listening to the two of you. You're great friends of Alaska and personally. And I welcome you to this beautiful state. We have some spectacular weather for you.

Mr. Mineta, Norm. Please have your say.

STATEMENT OF HON. NORMAN Y. MINETA, SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. MINETA. Thank you very much, Mr. Chairman.

Let me, first of all, thank you for the invitation to appear at this hearing. It's always a pleasure to join you here in Alaska, particularly when the sun shines most every hour of the day. I couldn't get over the fact that at 11 o'clock last night it still seemed like 6 o'clock at home.

The CHAIRMAN. Norm, they see us all night in the summer and we leave tracks in the winter.

[Laughter.]

Mr. MINETA. Administrator Blakey and I are here to discuss several important issues related to aviation in Alaska. The United States Department of Transportation is very well aware of the absolutely critical role that aviation plays in the lives of all Alaskans.

In addition to its important place in Alaskan society, aviation faces unique conditions here that set it apart from the Lower 48 in many respects.

Administrator Blakey will testify about the significant work of the Federal Aviation Administration in promoting and enhancing safety.

I will speak about the aviation programs that are within my own offices that have a direct daily impact on aviation and air service in the State of Alaska.

Mr. Chairman, I ask unanimous consent that my written statement be included as part of the hearing record.

The CHAIRMAN. It will be. Thank you.

Mr. MINETA. The Department of Transportation's Office of International Aviation and—or Aviation and International Affairs, has worked to liberalize air service markets throughout the world, and we have had considerable success. And in terms of these liberalized markets, they have allowed for expanded flow of goods and people that benefit our economy and those of our trading partners.

Since coming into office, the Bush Administration has executed 17 new Open Skies Agreements, for a total of 71 Open Skies Agreements with other economies in force at the present time.

Our liberalization efforts provide the foundation for the kind of growth in air services that have benefited the Ted Stevens Anchorage International Airport, which is a natural transfer for routes between the Lower 48 states, the moving Asian economies, and Europe.

As a result of these actions, as well as the tremendous work of the FAA and their Alaska region Administrator, Pat Poe, and the outstanding leadership of Mort Plumb, the director of the Ted Stevens Anchorage International Airport, and the infrastructure improvements that have been made at the airport, the level of air cargo activity in Anchorage has increased substantially in recent years.

The number of air cargo landings has increased from less than 14,000 in 1988, to more than 42,000 in 2004. A more than threefold increase.

In fact, our recent landmark agreement with China has resulted in more than 20 additional all cargo flights by U.S. carriers in and out of Anchorage each week.

We will continue to work actively to open international air service markets to the benefit of businesses, communities, and consumers in Alaska, and everyone else in the continental United States.

As you know so very well, with respect to programs and activities that are focused within the state, the Department administers the Essential Air Service Program and sets air transportation rates for intra-Alaska bypass mail.

I can assure you that the Department is committed to insuring that air service in Alaska is frequent, safe, and affordable for passengers and freight shippers, as well as for the United States Postal Service.

Under the EAS program, the Department provides a safety net level of air service to the smallest and most isolated communities. Given that air service is typically the only access to Alaskan villages, the Department has regarded EAS to these remote communities as a very high priority; and we give great weight to the needs and opinions of the affected communities.

For example, we have just this year increased air service to Akutan from the prior subsidized level because we recognize that, with the growth in that market, traffic could not be reasonably accommodated with the previous lower level of scheduled service.

Likewise, we also selected Alaska Airlines to provide subsidized service at Adak, and notwithstanding another proposal, for a million dollars less per year, because we recognize the extreme isolation of Adak and the need for jet aircraft to fly the 1200 miles to Anchorage.

However, the story is different in the Lower 48, and I would like your support in working with the Congress in making some much needed structural changes to the program. While some subsidized communities in the Lower 48 are indeed isolated; many others are not. I think it is fair to say that subsidized air service is not truly essential for too many communities in the Lower 48.

If the program is not refocused on only the communities that are most in need, the costs threaten to grow even larger. So I stand willing to work with you and the Committee on ways we can all make the EAS program better, because it is currently not structured in a way that makes sense for the current state of air transportation in our country.

Mr. Chairman, due to your leadership and strong efforts, Congress passed the Rural Service Improvement Act of 2002, which significantly revamped the bypass mail system within the state of Alaska.

The two main goals of RSIA were, one, to increase the amount of flying with larger aircraft under Part 121 Safety Standards; and, two, to reduce the Postal Service's expenditures.

While the industry is still adjusting to the new law, the early returns are that both of your main objectives are being met.

RSIA recognized that two central problems with the bypass mail system had developed since its inauguration. First, a class of carriers had developed and focused on mail to the exclusion of passengers and freight. RSI compared air service in Alaska to a three-legged stool that supports passengers, freight, and mail service.

And it recognized that if there was focus by any party on only one leg of the stool, such as mail, the overall stool would be weakened.

Second, RSIA recognized that the longstanding simple mail rate structure of separate bush and mainline classes of mail ignored the increasing development of modern turbo-prop equipment and the potential benefits they presented to passengers from their greater speed and safety and to the Postal Service from their lower costs.

To fully realize those advances, RSIA divided the single bush mail rate into three separate classes. Putting the goals of larger, safer aircraft in conjunction with reduced Postal Service expenditures produced a win-win result.

RSIA directed the Department to carve out three separate bush rates, which we have done. In rough terms, the new Part 121 rate developed by the Department is one half the former unitary rate; the Part 135 rate is the same as the former unitary rate; and the seaplane rate is double than the earlier single rate. The new rates have resulted in more equitable, and I believe, more efficient air services.

In closing, Mr. Chairman, let me reaffirm the Department's commitment to small community air service, especially in Alaska.

We look forward to working with you and the Members of your Committee as we continue to work toward these objectives.

[The prepared statement of Secretary Mineta follows:]

PREPARED STATEMENT OF HON. NORMAN Y. MINETA, SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. Chairman, thank you for inviting me to this hearing. It is a pleasure to join you here in Alaska. Administrator Blakey, Regional Administrator Poe and I all appreciate this opportunity to discuss with you important issues related to aviation in Alaska. The U.S. Department of Transportation is well aware of the absolutely critical role that aviation plays in the lives of all Alaskans. In addition to its important place in Alaskan society, aviation faces unique conditions here that set it apart from the rest of the United States in many respects. So we are here today to address a number of the aviation issues that matter most to your constituents. In that regard, Administrator Blakey will testify about the significant work of the Federal Aviation Administration (FAA) in promoting and enhancing safety. But first, I will speak about the aviation programs within my own office that have a direct, daily impact on aviation and air service in the State of Alaska.

As an initial matter, the Office of International Aviation has worked for many years to liberalize air service markets throughout the world—and we have had considerable success. Liberalized markets allow for expanded flows of goods and people that benefit our economy and those of our partners. Recently, we have signed Open Skies agreements with India and Indonesia and obtained much greater access to China. Our liberalization efforts provide the foundation for the kind of growth in cargo services that have benefited Ted Stevens International Airport, which is a natural transfer hub for routes between the lower 48 states, the booming Asian economies, and Europe.

In connection with the Department's actions generally to open opportunities for air cargo activities, in 2004, new federal legislation was passed that substantially augments the liberal air cargo transfer rights that existed at Alaskan airports prior to this legislation due to the Department's earlier actions. As a result of this legislation, foreign carriers may now transfer and carry international origin or destination cargo between Alaska and other points in the United States that was previously prohibited by federal law.

As a result of the above actions by the Department and the Congress, as well as the infrastructure improvements made by the airports, the level of air cargo activity at Anchorage has increased substantially in recent years. The number of air cargo landings has increased from less than 14,000 in 1988 to more than 42,000 in 2004, a more than three-fold increase. As these numbers show, when carriers are given liberal opportunities to serve an airport and the airport takes steps to make its facilities attractive, this can lead to substantial increases in the level of operations

at that airport. We will continue to work actively to open international air service markets to the benefit of businesses, communities and consumers in Alaska and everyone else in the United States.

As you know, with respect to programs and activities that are focused within the state, the Department administers the Essential Air Service (EAS) program and sets air transportation rates for Intra-Alaska Bypass Mail. With regard to both of these responsibilities, I can assure you that the Department is committed to ensuring that air service in Alaska is frequent, safe, and affordable, for passengers and freight shippers, as well as for the Postal Service.

It is clear that air service in Alaska, as well as the rest of the country, has changed dramatically over time. In the days before airline deregulation, there was a sign outside a Wien Air Alaska station advising prospective passengers that if they did not arrive within one hour of the scheduled flight, Wien would bump the passenger in favor of delivering an extra 200 pounds of mail or freight from its backlog. The competitive pressure of deregulation was designed to help address such issues of poor service for passengers, freight, and mail.

In administering the EAS program, the Department ensures that communities receive a safety-net level of service when they are too small or too remote to receive market-driven service. Likewise, with the Department setting mail rates in Alaska, the Department ensures that carriers are fairly compensated for transporting the mail, and also that mail, freight, and passenger service work in tandem like the "separate legs of a stool."

The critical importance of mail and air service to Alaska's regional hubs and villages will continue for the foreseeable future. The Department seeks to ensure that there is an integrated transportation system that can provide benefit to all. This challenge—and Mr. Chairman, I do not use the word "challenge" lightly—requires that the Federal Government wisely manage programs affecting intra-Alaska service.

Essential Air Service Program (EAS)

The Department has administered the EAS program since deregulation of the airlines in 1978. The laws governing EAS have not changed significantly since its inception more than 25 years ago notwithstanding the dramatic changes that have taken place in the airline industry. Under that program, the Department provides a safety-net level of air service to the smallest and most isolated communities. Given that air service is typically the only access to Alaskan villages, the Department has regarded EAS to these communities as a very high priority.

Although we take our fiscal responsibilities quite seriously, the Department has not administered the EAS program in a way as to merely minimize our expenditures. We give great weight to the needs and opinions of the affected communities, as mandated by Congress in section 41733(c)(1)(d) of the statute. For example, we have just this year increased air service to Akutan from the prior subsidized level, because we recognized that with the growth in that market, traffic could not be reasonably accommodated with the previous, lower level of scheduled service. Likewise, we selected Alaska Airlines to provide subsidized service at Adak, notwithstanding that there was another proposal for a million dollars less per year in subsidy, because we recognized the extreme isolation of Adak, and the need for jet aircraft to fly the 1,200 miles to Anchorage.

However, the story is different in the lower 48 states, and I would like your support in working with the Congress in making some much-needed structural changes to the program. While many communities in the lower 48 are indeed isolated, many others are not. Many communities are within 40–50 miles of an airport with plenty of jet service but, because it might be categorized as a small hub, those communities are entitled to subsidized air service. And that can be the case even though many, if not most, air travelers in the community drive to the nearby airport because they prefer its broader array of prices and services.

Under current law, a community's eligibility for inclusion in the EAS program has been based only on whether it was listed on a carrier's certificate on the date the program was enacted—October 24, 1978. Once subsidized service was established, there was little incentive for active community involvement to help ensure that the service being subsidized would ultimately be successful. I can tell you anecdotally that many EAS communities in the lower 48 do not even display their subsidized EAS flights on their homepages, but do show the availability of air service, especially low-fare service, at nearby hubs. As a result, EAS-subsidized flights are frequently not well patronized and our funds are not being used as efficiently or effectively as possible.

As you know, in 2003 the Administration began proposing significant reforms for the EAS program. Under the Administration's proposal, communities are asked to

become partners in the financing of their air services. In exchange, they are given a much bigger role in determining the nature of that service. As a result, currently eligible communities would remain eligible, but would have an array of new transportation options available to them for access to the national air transportation system. In addition to the traditional EAS of two or three round trips a day to a hub, the communities would have the alternatives of charter flights, air taxi service, or ground transportation links. Regionalized air service might also be possible, where several communities could be served through one airport, but with larger aircraft or more frequent flights.

Under the Department's proposal, community participation would be determined by the degree of its isolation from the national transportation system. The most remote communities (those greater than 210 highway miles from the nearest large or medium hub airport) would be required to provide only 10 percent of the total EAS subsidy costs. Communities that are within a close drive of major airports would not qualify for subsidized *air* service, but would receive subsidies constituting 50 percent of the total costs for providing *surface* transportation links to a nearby airport with better service. Specifically, communities within: (a) 100 driving miles of a large or medium hub airport, (b) 75 miles of a small hub, or (c) 50 miles of a non-hub with jet service would not qualify for subsidized air service. All other EAS communities would have to cover 25 percent of the subsidy costs attributable to the provision of air service.

The proposed small-hub and non-hub criteria are important. Under current law, communities located within 70 miles of a *large or medium* hub are not eligible for subsidized air service, on the principle that passengers find driving to such nearby service too attractive an alternative for the subsidized service to compete against. Our proposal extends that same principle in a measured way to small hubs and non-hubs offering jet service, applying tighter proximity standards in line with the smaller size of the alternate service.

We believe that this approach would allow the Department to provide the most isolated communities with air service that is tailored to their individual needs. Importantly, it provides communities in the program greater participation, control, and flexibility over how to meet their air service needs, and a far greater incentive to promote the success of those services. In this time of fiscal constraint, Congress would be recognizing the need to responsibly trim the costs of the program, while simultaneously protecting the needs of those communities most deserving of support.

I am well aware that the proposed requirement of a local contribution has not been well received by many. But this is one of the few federal programs that does not have any local contribution. In the Department's Small Community Air Service Development Program, we have found that many communities are willing and able to make contributions to improve their local air services. As with that program, the local contributions in the reformed EAS program would not have to be made by local governments—for example, local businesses or the state government could provide the needed financial support. Nonetheless, I understand the concerns you have expressed about this in the past. In that respect, I stand willing to work with you and the Committee on ways we can all make the EAS program better, because it currently is not structured in a way that makes sense for the current state of air transportation in this country.

Rural Service Improvement Act of 2002 (RSIA)

Due to your efforts, Mr. Chairman, Congress passed the Rural Service Improvement Act of 2002, which significantly revamped the mail system within the state. The two main goals of RSIA were to increase the amount of flying with larger aircraft under Part 121 safety standards and to reduce the Postal Service's expenditures. While the industry is still adjusting to the new law, the early returns are that both of your main objectives are being met.

As background, the Postal Service is responsible for paying for the delivery of mail within Alaska, as well as ensuring that mail is equitably tendered to qualifying carriers, while the Department is charged with setting the rates that the Postal Service pays the airlines. Under the bypass system, goods bound for the communities, including critical food and medicine moving as mail, bypass the physical facilities of the Postal Service. Instead, the bypass shipper is directed to deliver the mail shipment directly to a particular airline, where a Postal Service official weighs, tracks, and records the shipment before its embarks.

RSIA recognized that two central problems with the mail system had developed since its inauguration. First, a class of carriers had developed that focused on mail to the exclusion of passengers or freight. RSIA compared air service in Alaska to a three-legged stool. It recognized that if there was focus by any party on only one

leg of the stool, such as mail, the overall stool would be weakened. For illustration, if there is only enough traffic at a village to support four round trips a week, that village is clearly better off receiving passenger and mail combination service each of those four days, rather than mail-only service on two days and passenger-only service on those other two days. RSIA encouraged just such a result by establishing two separate pools for passenger and freight carriers for each village. Passenger carriers transporting more than 20 percent of total passengers in a village were to share 70 percent of the mail, and freight carriers transporting more than 25 percent of the freight in a village were to receive 20 percent of the total mail to that village. The remaining ten percent of the mail was reserved, for a five-year transition period, for the carriers that did not qualify for either of those two pools. RSIA contemplated those mail-only carriers would either convert to passenger/freight service or go out of business. Before RSIA, three carriers relied more heavily on mail than any of the other bush carriers—Bellair, Village Aviation, and Servant Air. Mail constituted more than 95 percent of each of those carriers' total traffic, and each carrier has since ceased operations, though Servant is now operating under new ownership and management. The mail from those three carriers is now available to support combination passenger and freight service by the surviving carriers. (For a comparison of carrier traffic from calendar year 2000, before RSIA, to that of traffic in 2004, see Appendix A.)

Second, RSIA recognized that the longstanding simple mail rate structure of separate bush and mainline classes of mail ignored the increasing development of modern turboprop equipment, and the potential benefits they presented to passengers from their greater speed and safety and to the Postal Service from their lower costs. To fully realize those advances, RSIA divided the single bush mail rate into three separate classes. Putting the goals of larger, safer aircraft in conjunction with reduced Postal Service expenditures produced a win-win result. With respect to saving the Postal Service money, service with larger bush aircraft is more cost efficient in moving larger volumes of mail in larger markets.

Previously, the Department had set a single bush mail rate for all carriers operating equipment with a payload of less than 7,500 pounds (about 30 seats). RSIA directed the Department to carve out three separate rates: for 19-seat or larger aircraft operating under the more stringent FAA Part 121 standards; for smaller aircraft operating under Part 135; and a separate rate for seaplane aircraft, recognizing the higher cost of operating to villages accessible only by those aircraft. The Department has done as RSIA dictated: last year we issued 4 orders establishing these new rates. In rough terms, the new Part 121 rate developed by the Department is one-half of the former unitary rate, the Part 135 rate is the same as the former unitary rate, and the Seaplane rate is double that earlier single rate. Because larger Part 121 service is operationally limited to the biggest airports and economically to the largest villages with the most mail, and Seaplane operations to the smallest, the Postal Service is clearly saving significant funds from this restructuring of bush mail rates.

RSIA also tried to ensure that passengers at larger villages be served with larger 19-seat aircraft operating under more stringent FAA Part 121 operating standards. With the goals of saving the Postal Service money and encouraging Part 121 service, the Department established another class rate based on the costs of more expensive 19-seat Part 121 aircraft, such as ERA Aviation's Twin Otters, which have short takeoff and landing capabilities lacking in other 19-seat equipment. Only Twin Otters and smaller Part 135 aircraft are capable of landing at very short runway airports. Without the Department creating a mail rate intermediate between the high cost of Part 135 service, and the low cost of regular Part 121 service, those short runway communities served by ERA's Twin Otters would have lost that service in lieu of less commodious Part 135 aircraft, and the Postal Service would have had to pay more for it as well.

I should also mention that the Department has recently granted the Postal Service an exemption to pay more than the Part 121 rate, but still less than the Part 135 rate, on a market-by-market basis, in order to ensure that carriers would continue to operate with Part 121 service to many communities rather than remove seats from aircraft to fall within the Part 135 rate. Although the exemption is currently on appeal, and accordingly I am limited in what I can say about it, I do believe that this decision is consistent with RSIA's aims and helps ensure that unintended consequences of a three-rate structure do not redound to the detriment of Alaskan consumers or the Post Office.

In closing, Mr. Chairman, let me reaffirm the Department's commitment to small community, and especially Alaska, air service. We look forward to working with you and the Members of this Committee as we continue to work toward these objectives. Thank you again. This concludes my prepared statement. I will now ask that Ad-

ministrator Blakey discuss a few safety issues. At the end of her prepared remarks, I will be happy to answer any of your questions.

Mail as a Percentage of All Scheduled Traffic for Alaska Bush Carriers

Calendar Year 2000

Carrier & Designator	Psgrs.	Freight (PEQ)	Mail (PEQ)	Total	Total Volume (Mail Volume as a Percent of Carriers)
1. Bellair (BEL)	0	65.0	9,466.4	9,531.4	99.32
2. Camai (Villiage, VLA)	52	305.9	14,532.6	14,890.5	97.60
3. Servant (SVA)	0	139.1	5,110.2	5,249.3	97.35
4. Yute (YUT)	6	713.3	17,099.8	17,819.1	95.96
5. Olson (OAS)	9	61.9	1,640.3	1,711.2	95.86
6. Taquan (TQA)	8	6.8	221.9	236.7	93.75
7. Alaska Central Express (YTU) 1/	0	17,814.1	137,626.8	155,440.9	88.54
8. Illiamna Air Taxi (IAT)	361	419.7	4,516.1	5,296.8	85.26
9. Tanana (TAN)	4,293	510.9	14,928.7	19,732.6	75.66
10. Jim Air (JMA)	347	73.3	1,179.6	1,599.9	73.73
11. Larry's (LFS)	7,681	964	19,482.2	28,127.2	69.26
12. Arctic Transportation (RYA)	0	19,221	30,896.8	50,117.8	61.65
13. Arctic Circle (ASE)	1,242	10,681.4	18,443.9	30,367.3	60.74
14. Baker (BKR)	4,180	57.0	6,480.4	10,717.4	60.47
15. Smokey Bay (SKB)	394	32.1	564.7	990.8	56.99
16. Ellis (ELL)	361	28.7	247.1	636.8	38.80
17. Inland (INL)	566	3.4	352.9	922.3	38.26
18. Frontier (FFS)	41,628	4,929.9	21,003.4	67,561.3	31.09
19. Cape Smythe (CSY)	41,839	5,672.3	19,221.1	66,732.4	28.80
20. Grant (GRT)	61,084	316.3	23,374.0	84,774.3	27.57
21. Hageland (HAG)	82,006	6,698.4	32,813.7	121,518.1	27.00
22. Alaska Seaplane (AKS)	0	1,242.0	4,180.0	5,422.0	77.09
23. 40-Mile Air (WRB)	2,536	942.1	998.8	4,476.9	22.31
24. Spernak (SNK)	67	30.0	27.1	124.1	21.84
25. Wright (WAS)	14,865	2,384.0	4,674.3	21,923.3	21.32
26. Bering (BER)	51,504	9,126.8	15,929.3	76,560.1	20.81
27. Wings of Alaska (WOA)	31,585	3,591.7	8,220.8	43,397.5	18.94
28. Penninsula (PNA)	175,129	6,888.9	39,040.8	221,058.7	17.66
29. Ward (WRD)	66	3.6	13.8	83.4	16.55
30. ProMech (PRH)	38,492	5,378.0	7,527.7	51,397.7	14.65
31. Warbelow (WAL)	33,574	5,526.8	6,125.3	45,226.1	13.54
32. Island Air Service (IAS)	19,621	1,974.5	3,059.1	24,654.6	12.41
33. LAB	25,655	4,948.0	2,221.3	32,824.3	6.77
34. Skagway (SKG)	9,980	1,030.0	453.4	11,463.4	3.96
35. Haines (HNS)	8,251	565.5	352.5	9,169.0	3.84
36. ERA 1/	435,057	8,779.7	15,304.2	459,140.9	3.33
37. FS Air Service (FSA)	984	70.6	0.0	1,054.6	0.00
38. Gulf Air Taxi (GAT)	399	107.8	0.0	506.8	0.00
39. Katmai (KAT)	7,549	238.9	0.0	7,787.9	0.00
40. Northern Air Cargo (NET)	0	71.9	0.0	71.9	0.00
Totals	1,101,371	121,615.3	487,331.0	1,710,317.3	28.49

1/ Carrier in litigation. An all-cargo operator, its business model was to use B–1900 equipment to transport mainline mail.

2/ Carrier provided a great deal of service with mainline equipment.

Note: 200 pounds of mail or freight is one PEQ (passenger equivalent).

Mail as a Percentage of All Scheduled Traffic for Alaska Bush Carriers
Calendar Year 2004

Carrier name	T110 Rpax	Frt. PEQs	Mail PEQs	Total PEQs	Mail percent
Olson Air Service	0	28	390	417	93.39
Baker Aviation, Inc.	419	48	1,999	2,466	81.06
Taquan Air Service	2,022	210	4,926	7,158	68.82
Tanana Air Service	2,105	507	4,418	7,030	62.84
Alaska Central Express	0	23,293	39,295	62,589	62.78
Inland Aviation Services	2,468	577	4,673	7,718	60.54
Arctic Circle Air Service	1,851	13,187	19,838	34,876	56.88
Larrys Flying Service 1/	2,183	367	3200	5,751	55.65
Bellair, Inc. 1/	0	596	727	1,323	54.96
Arctic Transportation	0	30,228	28,285	58,514	48.34
Village Aviation 1/	0	5,592	4,169	9,761	42.71
Ellis Air Taxi, Inc.	271	17	202	490	41.30
Cape Smythe Air Service	28,685	4,093	21,298	54,076	39.38
40-Mile Air	343	194	257	794	32.40
Servant Air, Inc.	1,630	53	777	2,460	31.58
Grant Aviation	65,997	582	29,524	96,103	30.72
Bering Air, Inc.	59,804	11,216	30,465	101,485	30.02
Hageland Aviation Service	135,745	9,206	57,619	202,570	28.44
Iliamna Air Taxi	7,902	517	3,284	11,703	28.06
Spernak Airways, Inc.	124	235	104	463	22.53
L.A.B. Flying Service, Inc.	14,053	1087	3,818	18,958	20.14
Yute Air Aka Flight Alaska	11,323	120	2,865	14,309	20.03
Wright Air Service	18,140	3,357	5,316	26,813	19.83
Warbelow	35,565	3,884	9,719	49,168	19.77
Alaska Seaplane Service	2,507	609	713	3,829	18.63
Frontier Flying Service	136,876	9,647	31,414	177,937	17.65
Peninsula Airways, Inc.	202,240	15,571	33,052	250,863	13.18
Island Air Service	14,544	2,962	2,265	19,771	11.46
Wings Of Alaska	33,526	4,565	4,462	42,553	10.49
Promech	25,336	1,915	2,688	29,939	8.98
Skagway Air Service	11,692	984	1,097	13,773	7.97
Smokey Bay Air, Inc.	17,355	2,205	1,551	21,111	7.35
Era Aviation 2/	362,140	7,169	20,806	390,115	5.33
Katmai Air	10,232	724	0	10,956	0.00
Totals	1,207,078	155,543	375,219	1,737,840	21.59

1/ No longer operating.
2/ About one-fourth of its operation is bush, the rest is mainline.
3/ Carrier's business model is to operate bush or small mainline equipment in mainline markets.

Mr. Chairman, I will now like to ask Administrator Blakey to discuss the safety issues. And at the end of her prepared remarks, we will be more than happy to answer any questions that you may have.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much. I appreciate that.

Ms. Blakey.

STATEMENT OF HON. MARION C. BLAKEY, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Ms. BLAKEY. Thank you, Mr. Chairman. And good morning to a very distinguished group. It's wonderful to be back here in Alaska.

I have to say, every time I am here I am overwhelmed with what a magnificent state Alaska is.

Known as the Final Frontier, from where I sit, it is really the front door on aviation safety in the United States. I'm very excited to see what's going on.

When I was here 2 years ago, I made it to the Arctic Circle. I flew on a Capstone-equipped float plane and on medivac aircraft as well. Senator Stevens, you've long maintained from the floor of the Senate that Alaska is unique. How right you are.

Because of advances in Alaska, it's really a showplace for what you can do in aviation.

Aviation literally is a lifeline to many of the communities in this state. And because of that, I very much appreciate the continued efforts of your Committee to work with us and the aviation community to make Alaskan aviation as safe and efficient as possible.

A few years ago it became clear that we needed to take a different approach to aviation safety in Alaska. The significant safety improvements that have been achieved in recent years in Alaska demonstrate the real commitment of everyone that's been involved. Alaska has become literally a national asset for innovation.

You know, when I first came to the FAA, we put in place a strategic business plan—our Flight Plan we call it—with specific objectives and performance targets. Alaska is the only state mentioned by name in the FAA's flight plan. This is both because of the extreme importance of aviation to Alaska, and the FAA's commitment to continue to work with our partners in Alaska to keep improving the state's safety record. I'm very happy to report, it's working.

In 1999, OSHA said that being a commercial airline pilot is the most hazardous job in Alaska. Not anymore. Since then, the first phase of Capstone has been successfully completed, and Phase II is well under way. In 1999, there were only 10 cameras providing timely weather information to Alaskan pilots. We've increased that several fold. There are 55 out there now.

What's more, today we have the Medallion Foundation working with both commercial and with general aviation operators to spur the implementation of safety concepts. We're also making inroads in terms of Alaska's infrastructure as well. Back then, Alaska received 77.8 million in Airport Improvement Program funds; last year that number was 219 million. Each of these improvements is turning the tide on aviation in Alaska.

And please indulge me for just a moment to brag a bit more about our state here. In a nutshell, Alaska is a model for the rest of us on how to improve, how to translate technology into safety.

As I said a moment ago, I've flown in a Capstone-equipped aircraft—in fact, several times—and seen firsthand the type of information that's provided to the pilot. Let me tell you, and explain the difference during the flight. Automatic Dependence Surveillance Broadcast, which most pilots refer to as ADSB, is key to having a pilot have accurate and timely information about other aircraft, terrain, and weather. And let me emphasize that last one: weather is so critical up here.

The initial focus of Capstone's first phase was the YK Delta area, specifically 160,000 square miles all around Bethel. This area of the state had historically had an accident rate that was 2 to 4 times higher than the rest of Alaska. But in 2003, the accident rate was below average for the rest of the state for the first time.

From 2000 to 2004, the accident rate of Capstone-equipped aircraft decreased by 47 percent versus other aircraft without it.

The numbers would indicate that moving forward with this exceptional program is a good, solid idea. So we're working on it. We're working with Phase II which expands to southeastern Alaska, in the Juneau area; and Phase III extends the program statewide.

We haven't stopped there. By placing weather cameras throughout the state, we've certainly come a long way since the first weather camera was on the roof of your building in Anchorage. Today, we have 55 cameras throughout the state; an investment of $7 million. Twelve new sites are scheduled to be up and running by this October. This concept, I think, is stunning in its simplicity. Most good ideas tend to come from a very simple idea when you get down to it.

The pilot goes on-line, and gets two images for each location. The first shows what a site would look like in a perfectly clear-day situation. The second shows current weather conditions. For example, pilots can now learn what the visibility is in the mountain pass they face, and whether they want to fly through it before they take off. In many instances, they may decide not to fly, to hold off on that flight for a while, depending upon what they see. And that's long before they set foot in the aircraft. So they really can make good decisions.

You know, pilots have a maxim that rings especially true: It's better to be on the ground wishing you were in the air than in the air wishing you were on the ground.

Last year this website got over 2.3 million hits. That number should increase by another million this year, we think.

Pilots flock to a good idea, and that's just what they're doing with the weather cameras.

Our safety programs in Alaska need to be nimble, and that's the approach we're taking. The community here has shown that it's unafraid to test new technologies, and that's making a real difference.

Turning to infrastructure investment, we've increased our AIP investment in Alaska to 131 million a year since 1999. It's clear that the money is being well spent. And, you know, a great deal of the credit for safety improvements that have been made must be given to the users of the system themselves.

I'm pleased you've asked Jerry Dennis from the Medallion Foundation to appear on the next panel. That organization has done some really remarkable work, and needs to be applauded. The Medallion program is voluntary and industry-led, and it's one that the FAA supports through a grant arrangement. Alaska's air carriers created the program and are participating because they voluntarily wanted to exceed FAA requirements; and it's making a difference. Their success has led to Medallion creating a component for general aviation as well. Which I have to say, seems to be greeted with overwhelming enthusiasm by the GA community.

You've only got to see how insurance companies award premiums to pilots and carriers of Medallion participants to understand how seriously this program is being taken. Both Jerry Dennis and Dick Harding, Medallion's executive director and president, deserve

great credit for the creativity and the willingness to make a contribution to aviation safety well beyond the State of Alaska. They're working with the GA community; they're working with us in Washington to see how this can expand.

Finally, I'd like to acknowledge the spirit of aviation in Alaska, which I think we both agree, was personified by Tom Wardleigh. He was a master pilot, a master mechanic, and the elder statesman of Alaska aviation. Tom's vision is now Tom's legacy. First, I'm pleased to say, that Jan is here today to share this occasion.

That's why I'm so pleased, with her in the audience, to announce the creation of a national safety award in his honor. The first recipient will be announced next year.

You know, Tom urged us to strive for exceptional customer service, to be a proving ground for new ideas. Tom knew if we could make an idea work in Alaska with all the challenges here, it would have benefits throughout the country. And that's exactly what's happening today. And that's the reason this is a national award. Because he was right. The many lives he touched will not soon forget Tom Wardleigh, and that's as it should be.

So, once again, Mr. Chairman, I'm very pleased to be here in Alaska. I think you can tell. Blue skies, fresh air, and enthusiasm for aviation. I'll tell you, it's my kind of place.

With that, I'm happy to answer any questions.

Thank you.

[The prepared statement of Ms. Blakey follows:]

PREPARED STATEMENT OF MARION C. BLAKEY, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Good Morning, Chairman Stevens and Members of the Committee. It is a great pleasure to be here today in Alaska to testify, along with Secretary Mineta and Regional Administrator Poe. Improving aviation safety and lowering accident rates in Alaska, have been a major focus of efforts by the Federal Aviation Administration (FAA) over the last decade, and I'm proud to acknowledge, also by the aviation community in Alaska. The aviation community here has demonstrated a strong commitment to safety. After all, the aviation system is what connects Alaska's cities, towns, villages, businesses and families. I believe we in the FAA have a good news story to tell about improvements in aviation safety in recent years, and an even better story to tell about future efforts to expand and build upon the successes already achieved.

Today I would like to highlight a few areas of interest to the Committee: the Capstone and Medallion programs, the growing use of weather cameras, particularly in remote locations, and the very practical benefits of the Rural Alaska Lighting program.

As I've often said, aviation safety will always be the first priority at the FAA. Every decision we make is with the safety of the flying public in mind. Let me begin this morning by describing how serious the FAA is in pursuing the goal of increased aviation safety in Alaska. When I first came to the FAA, we put in place a strategic business plan—we call it our Flight Plan—with specific objectives and performance targets. The FAA's Flight Plan for 2004–2008 lists among the safety objectives for the next 5 years a specific objective, "Reduce Accidents in Alaska." The stated strategy is to expand and accelerate the implementation of safety and air navigation improvements programs here. It is noteworthy because no other state was listed individually, only Alaska. Why, you might ask, does the FAA Flight Plan have a specific objective of improving aviation safety in Alaska? The answer is simple, Alaska has been called the "flyingest state in the union." It is a place where schoolchildren board aircraft to travel to school, instead of a bus. When someone in a village is ill and needs medical attention, they will most likely be transported to the hospital via aircraft. As an essential mode of everyday transportation, aviation must be a safe mode.

A 1999 study by the National Institute on Occupational Safety and Health (NIOSH) ranked being a commercial airline pilot as the most hazardous occupation in Alaska. Clearly, a focused, dedicated, multifaceted, approach to improving aviation safety in Alaska was needed. I am happy to say the approach we are taking, one that represents the collective efforts of aviators, the State of Alaska, and the FAA, is working.

The most promising initiative with potential for broad application to a range of hazards, including terrain, other airborne traffic, and weather, is the Capstone demonstration program in the Alaska Region. Capstone is a technology-focused safety program in Alaska that seeks near term safety and efficiency gains in aviation by accelerating implementation and use of modern technology, in both avionics and ground system infrastructure. The key enabling technology on which Capstone is based is Automatic Dependent Surveillance-Broadcast (ADS–B). ADS–B gives an aircraft with the requisite data uplink/downlink and cockpit display capabilities the same information about other aircraft in the vicinity as air traffic control now receives. Capstone Phase I, which began in 1999, included the installation of government-furnished Global Positioning System (GPS) driven avionics suites in 200 commercial aircraft serving the region around Bethel, Alaska, known as the Yukon-Kuskokwim Delta Region (YK Delta), consisting of over 160,000 square miles. One of the two approved datalink technologies for ADS–B, the Universal Access Transceiver (UAT) also provides an uplink for weather information via Flight Information Services-Broadcast (FIS–B). The weather data is displayed on the same multifunction cockpit display used for the ADS–B display of traffic, and for terrain data.

Through 2004 the FAA Alaskan Region Capstone Program has achieved significant safety and efficiency results. Capstone equipped aircraft have had a consistently lower accident rate than non-equipped aircraft. From 2000 through 2004, the rate of accidents for Capstone-equipped aircraft dropped significantly—by 47 percent. Also, the rate of accidents for Yukon-Kuskokwim Delta Region-based air carriers has been falling since 2001, and is now at the lowest rate since 1990. Historically, the rate of air taxi accidents within the YK Delta has been 2 to 4 times the rest of Alaska, but in 2003 the accident rate for the region was below the rest of the state for the first time. That is real progress.

Phase II of Capstone will expand the coverage to southeast Alaska, in the Juneau area, and Phase III contemplates expanding the program to cover the entire state. Also as part of Phase II, additional technology infrastructure will be deployed. New Area Navigation (RNAV) and Required Navigation Procedure (RNP) arrival and departure procedures will continue to be developed for the airports recommended by the industry for upgrade to Instrument Flight Rule (IFR) access. RNAV procedures provide flight path guidance incorporated in taxi procedures, with minimal instructions required during departure by air traffic controllers. RNP is on-board technology that promises to add to capacity by allowing pilots to fly more direct point-to-point routes reliably and accurately. Key benefits of RNAV and RNP include more efficient use of airspace, with improved flight profiles, resulting in significant fuel efficiencies to the airlines. An airport-to-airport Global Positioning System (GPS)/Wide Area Augmentation System (WAAS) based route structure will be mapped between all IFR airports. Aircraft avionics equipage is key to an accelerated implementation strategy; therefore Capstone will continue to pursue affordable avionics so that aircraft owners will have a range of choices appropriate to their operational needs. This includes both creating options for equipage and a strategy to ensure that all aircraft in Alaska are equipped.

In addition to technology improvements, the FAA has also undertaken safety management and training efforts in partnership with the aviation community here to increase safety awareness and reduce aircraft accidents. In joint efforts with the Medallion Foundation, a non-profit aviation safety organization that provides management resources, training and support to the Alaskan aviation community, the FAA is funding a program known as the Five Star Shield program, which is an enhanced safety management system. The Medallion Five Star Shield program takes a business-like approach to safety, providing for the setting of goals as well as planning and measuring performance in specific areas through the use of system safety concepts. The program is voluntary, and focuses on establishing and sustaining an elevated level of safety performance through: the development of a safety culture that holds safety as a core value; continuous professional development of individual skills and competence; proactive sharing of operational control responsibilities; hazard identification and risk management; and management practices that support the organization's safety objectives.

The Five Stars in the Medallion Five Star Shield program include numerous methods for improving safety. To earn the First Star, each air carrier must establish a safety program which, at a minimum, should include safety meetings and audits,

the use of root-cause analysis, hazard identification, incident investigations, and a viable emergency response plan. The Five Star program also requires a classroom training program for pilots, mechanics and ground service personnel, as well as required training on a PC-based computer simulator. Two annual check rides are required to receive this second Star, and annual pilot proficiency check rides are required to keep the Star. The Third Star involves operational risk management. A dynamic system that provides analytical tools as well as a system of checks and balances to proactively identify hazards and manage risks is required. The carrier must have an operational risk management system that quantifies the risks for each flight, including weather, airport, and crew readiness. The total risk score determines if the flight is conducted normally, if more management evaluation is required for release of the flight, or if the flight is cancelled. The Fourth Star concerns maintenance and ground service operations, requiring specific training and manning levels. The Fifth Star is an internal audit program, which requires incorporation of a proactive internal audit system that focuses on the use of systems safety principles, as well as regulatory compliance. This is a comprehensive audit program requirement intended to allow the operator to continuously monitor their operating systems and provide for continuous improvement. Medallion has specific detailed requirements.

The FAA is supporting the Medallion Foundation in the implementation of this program. Once an applicant has received all five Stars, and passed an independent audit, they may be certified for the Medallion Shield, which is attested to by a decal displayed on the aircraft, and can be used on uniforms and promotional materials. In order to maintain shield status, the operator must successfully pass an audit each year. If the operator fails to pass the audit, or Medallion on-site inspectors notice that a specific activity represented by a star is not being properly addressed on a continuing basis, the star and shield may be revoked. A direct benefit of the Shield program for operators is that the insurance industry has agreed to provide favorable rates for Shield carriers.

It's worth noting here that the FAA and the Medallion Foundation are not just focused on improving safety in commercial operations, but are also targeting improvements to safety in the general aviation (GA) community as well. Our efforts in this area are coordinated through the Medallion Flyer General Aviation Program, which is proving to be quite popular among the GA community. Interested pilots begin by submitting an application to the Medallion Foundation, which will then issue the pilot a free copy of the FAA "Back to Basics—Runway Safety" CD. After that, the pilot is invited to attend the FLYER Step II course, which provides access to free usage of Medallion state-of-the-art flight training devices. During this course, pilots are provided with tools designed to help establish a personal safety program. They are also introduced to hazard assessment and risk management techniques. Pilots also receive important information on flying in "white out" and "flat" light conditions, risk assessment, pilot/ATC communications, and Alaska flying tips.

The Capstone and Medallion programs clearly demonstrate that better information, better training, and better risk-management procedures can contribute significantly to reductions in aviation accidents and save lives. People here in Alaska can be very proud of the progress they've made. Alaska has set an example for the rest of the country.

The on-going and increasing deployment of weather cameras in numerous parts of Alaska is another beneficial use of technology that can dramatically improve aviation safety by providing near real-time information to help with pilot decision making and risk management. There are currently 55 operational locations for weather cameras, which stretch into every region of the state, and 12 more operational sites will be available in 2005. Many of these weather cameras are positioned in or near mountain passes and other geographical features which are often used by pilots to navigate on their flights. The other feature of these cameras that is so beneficial to pilots is that they are often located at rural airports where there are no weather observers, and no other means to find out what current weather conditions are prior to deciding to take off. They are also co-located with automated weather systems, providing additional visual information previously only available at those few sites with a weather observer.

These cameras, all of which can be viewed at one website, *http://akweathercams.faa.gov*, provide two images from each camera located at the site. One image is a file photo of the area within the camera's range on a clear, sunny day. The other image is a real-time photo, which is refreshed every 10 minutes, of the exact same view as the file photo. This provides an instant visual comparison of weather conditions, precipitation, cloud cover, ceiling, and visibility.

The real value in these weather cameras is that they help pilots decide whether to even begin their flight, based on weather conditions, rather than have the pilots

have to make difficult and hazardous decisions once they have encountered the deteriorating weather conditions in flight. Flight service specialists also have access to the weather camera images, and routinely brief pilots on the weather camera images when they call for a pre-flight briefing and during their flight, providing the most up-to-date information on the weather camera images to help pilots make that "go or no-go" decision. During an independent study conducted between December 2002 and March 2003 by Parker Associates, Inc., 68 percent of the reported decisions made based on weather cameras were to cancel or delay a flight due to weather. Air carriers, commercial operators, and general aviation pilots can avoid the cost of fuel from flights that must be diverted or repeated due to bad weather. Cameras have a positive financial impact on an industry undergoing economic challenges. Our website for the cameras has received 1.3 million "hits" in 2003, 2.3 million "hits" in 2004, and we expect the number of "hits" to increase by another 1 million this fiscal year—a real testament to how important real time knowledge of weather conditions is for pilots.

Turning now to another area of interest to this Committee, I would like to briefly highlight the FAA's Rural Alaska Lighting Program (RALP). The goal of the Rural Alaska Lighting Program is to install airport lighting in communities with limited access to 24-hour medical facilities, to provide better access and improved lighting for aeromedical services. The Program is comprised of three tiers. Tier One is Medium Intensity Runway Lighting (MIRLs) or permanent edge lighting at those airports that meet minimum safety requirements. Tier Two is portable, battery-powered lights for communities or airports that are unable to accommodate permanent edge lights. Tier Three is Precision Approach Path Indicator (PAPI) and Runway End Identifier Lights (REILs) to support approach procedures at airports.

This program began in 2001 with a study that identified 63 communities needing the improved lighting. Federal funding began in FY02. In addition to the $35 million that has been appropriated for this effort so far under the FAA's Facilities and Equipment program, the Airport Improvement Program has provided the funding for necessary runway pavement or runway safety area improvements. All of the 63 communities have received at least an interim solution to provide for 24 hour VFR aeromedical access. Twenty-six of the 63 communities have also received permanent lighting solutions. An additional 19 communities will have permanent lighting solutions by 2010. The final 18 communities have complicated land and/or environmental issues, but we will continue to work with the State of Alaska to resolve all outstanding issues.

Finally, Mr. Chairman, I want to take a moment to mention the great contributions to aviation safety in Alaska made by a true visionary, Tom Wardleigh. Mr. Wardleigh shared his vision for the future of aviation in Alaska with you and all Alaskan aviators in testimony to this body in 1999. That vision is now part of Mr. Wardleigh's legacy. The FAA is pleased to announce the creation of a new National safety award in honor of the late Thomas Wardleigh, Master Pilot, Master Mechanic, elder statesman of aviation. As with so many of this region's innovations, Mr. Wardleigh's contribution to aviation safety is now a national asset. Tom urged the FAA to strive for exceptional customer service and to be a proving ground for new ideas. He was a visionary who knew that if we could make an idea work in Alaska with all of its challenges, it would benefit all of aviation.

Mr. Wardleigh's wife, Jan, is with us today. I hope she is pleased with our memorial to him. I know that this award has special meaning for you, Mr. Chairman, as I have been told that you received your floatplane rating from Tom just a few years ago.

In conclusion, Mr. Chairman, let me reiterate what I said at the outset of my testimony today—aviation safety is, and always will be, the first priority at the FAA. These programs I have discussed are the leading edge of efforts to improve aviation safety for everyone, and Alaska is once again showing the way. Thank you, Mr. Chairman, for the opportunity to testify today on such an important topic. I would be happy to answer any questions you may have.

The CHAIRMAN. Thank you very much, Ms. Blakey.

Mr. Secretary, we seem to be going through a transition here now. We've traditionally had the hub-and-spoke type of transportation for local aviation, commercial aviation, that was the same, you know, throughout the Nation for a while. Their hubs and the major airlines flew in those hubs and out of them on a slope basis. That seems to be changing in our state, and I don't know if you've noticed it nationally, but as we go to this new phase now, as you

mentioned bypass mail, we're going to have more direct flights from Anchorage to the destination that used to go through the hub and then on to the destination. But the larger cargo planes, they're going to go straight in. That, I think may increase the demand for Essential Air Service, as you review it.

Clearly, that is the essential thing for us to maintain the seats as well as get the mail to the small villages, small communities for our state. But I would urge you as you go into the review of Essential Air Service, and I think it does need review. We look forward to working with you on it, our Committee. But I urge you to look at the changes here in our state before you make final decisions on EAS. Has anyone brought this change to your attention?

Mr. MINETA. Absolutely. There's no question that the hub-and-spoke system and the embedded costs that it produces for the airlines is something that they're shifting, and there's a change in the paradigm of the hub-and-spoke to more point-to-point. And, as you've indicated, as we go more to point-to-point, there will be increased use of the Essential Air Service. And I think that's part of the picture that we're looking at in the Lower 48 as it—as the increase occurs, the question about given the limited financial resources and how do we make sure that we spread it out as evenly and as efficiently and as fairly as possible. And that's where we would do the consultation with you and the Committee to see where we go in the future.

The CHAIRMAN. Thank you for that. And I appreciate your statement.

One question came to my mind. On these Open Skies negotiations, do you negotiate cargo-only flights?

Mr. MINETA. No, these are all both inclusive of passenger and cargo. There are some places like in—it was in Indonesia when we did the Open Skies Agreement, we started with cargo, and then phased in the passenger piece of it. And so the passenger piece will kick in in 2006. But we started out with the cargo only.

So, it can vary from each country, but generally, what we'd like to get to eventually, is Open Skies for both cargo and passenger, and—but we will phase it in depending on the negotiations with the—with that country.

The CHAIRMAN. Ms. Blakey, I'm glad you mentioned Tom Wardleigh. I look forward to working with you on this national award that will recognize anyone in the country that is worthy of honoring for contributions to aircraft, airline, and airway safety. He was not only a great person, he was really the original person to suggest the Medallion program. But he also was great fun and my flight instructor. So I miss him very much.

I do thank you both. I've got a series of witnesses. I look forward to working with you while you're here.

I think the very fact that you're here will give you an opportunity to witness even further some of the things we're doing, both Medallion and Capstone. I actually flew a few years ago Christmas, one of the first flights into the Bethel region testing Capstone and it was just a wonderful flight. And I've seen it improve since then. I wish I've had more time to fly. I think other people around here can have a great opportunity to really fly in safety and that is a wonderful thing.

I do thank you also for the cameras. I personally have used the cameras. I think the public ones most used is the one which runs through the pass in Lake Clark and from time to time I may get calls that they may not be functioning properly. I'm pleased to say Mr. Poe responds and makes it function.

I'm happy to have you here today. And thank you from coming to Alaska.

Mr. MINETA. Thank you very much, Mr. Chairman.

The CHAIRMAN. I have to say, Norm, I've visited Norm Mineta Airport. I always thought you had to be dead to have an airport named after you.

[Laughter.]

The CHAIRMAN. I'm glad the two of us are still here.

The next panel is Pat Poe, the regional administrator of the FAA, the Alaska region; Mike Barton, the commissioner of the Alaska Department of Transportation and Public Facilities.

I note for the record that the Lieutenant Governor is here, Mr. Loren Leman. Nice to see you here.

Mr. Poe, in view of the fact that Ms. Blakey has already testified, do you have an opening statement?

STATEMENT OF PAT POE, REGIONAL ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, ALASKA REGION

Mr. POE. I don't have an opening statement. But I do have words I'd like to share with the Chairman and the guests here, if I might.

The CHAIRMAN. Thank you very much.

Mr. POE. First, I'd like to offer a recall, Mr. Chairman it was in 1999 I first arrived and had the privilege to testify before you and others at a hearing similar to this. And that was a long hearing. That lasted several hours, many people testified, all on aviation.

At the conclusion of that, you offered comments to the effect that it was the first time perhaps you had ever seen government and industry actually working together. And if that proved to be true, perhaps that would make the difference in terms of aviation safety.

What I would like to report is what has happened since then, and what differences have been made and measured.

First, I would say that I came to Alaska, like many people, I think, for the adventure; but you stay because of the people. You stay because of the dedication to aviation and the fact that it's truly the conduit through which commerce moves, education, medevac, and the transportation system as a whole.

The second thing I learned here was that all of the pilots are both progressive and aggressive. I mean, I've never met a bashful pilot yet in Alaska, you don't have to ask for their opinions, because you're going to get them anyway. And that has served me very well.

And last, I would say Alaskans expect results and they want it to be measured, and that is what we have done.

The Capstone program, arguably, is one of the most measured programs of recent times. The evaluations began before the first aircraft was ever equipped. To date, we have three studies that have been done: the University of Alaska in cooperation with the Mitre Corporation; and most recently Embry-Riddle University, has produced studies from the inception through April of 2005.

Capstone Phase I represents now over a million flight hours. Very strong data upon which to make findings, and as Administrator Blakey pointed out, the differential between accidents in Capstone-equipped versus non-Capstone-equipped airplanes, 47 percent.

The CHAIRMAN. We'd like to have copies of that for the record and perhaps we'll take the summaries and make them part of this hearing record. *

Mr. POE. I would be delighted, sir. They're here for your use.

The CHAIRMAN. Thank you.

Mr. POE. Second, I would like to mention, just briefly, the flight following the aspect of Capstone. This is the ability to track Capstone-equipped airplanes with 1-second updates with precise accuracy. That has a variety of efficiencies for the carriers themselves, for the passengers, for the movement of goods and services. But also in search and rescue it has an enormous impact.

Two years ago in Marshall, Alaska, night flight, one soul on board, didn't arrive at the destination, middle of winter. No emergency locator transmission from the aircraft. Aircraft had crashed. Practically no way to find it.

The center here in Anchorage ran back the tape using the technology that the Administrator mentioned, automatic dependent surveillance broadcast, and pinpointed the accurate location of the airplane. I've actually met the pilot, the one that made the flight. Flew to that coordinate, put on night-vision goggles, and in 3 minutes spotted the airplane; pilot inside with two broken legs. That's a life saved. Every life saved, according to OMB, has a measure of $3 million. I don't think any of us like to think in those terms, but when you look at programs like Capstone, weather cameras, rural lighting projects, Medallion, Circle of Safety, the list is long, I'm pleased that it's long. These programs all work together in their solution. The safety record is truly extraordinary.

Internationally, I recall the first International Advanced Aviation Technology Conference that we had here in Anchorage, hosted by the Alaska Aviation Coordination Council, the University of Alaska in Anchorage, and the FAA. And you, Mr. Chairman, were kind enough to come and speak at that conference.

Since then, we have had an additional conference, we've had multiple visitors from many, many different countries. Most recently, the World Bank was here. They're looking at what we have done in Alaska to solve similar needs in the countries around the world.

I found it interesting and rewarding that Australia has announced that they will start using ADSB for air traffic surveillance and separation. They've acknowledged they're the second country in the world to do that. The first being the United States of America, right here at our center in Anchorage, on January 1, 2001, gives you an idea how far into the future we've traveled together.

Recently, Congress urged the FAA to look at the weather camera issues in the mountain passes. You've mentioned Lake Clark Pass, one of our most popular and most necessary locations. I am pleased to announce that by this time next year we expect to have Ptar-

* The information referred to has been retained in Committee files.

migan and Rainy Pass cameras installed, and by the end of that year, operational. Merrill Pass, the following year. As you know, these are some of the most terrain-challenged corridors for aviation in Alaska; and accordingly, they have attending risk.

I think perhaps, in summary, I would say that Alaska, I think, has chosen to make a difference for itself, and I think the community has worked together. The State of Alaska, the air carriers and operators in the audience, the University of Alaska, the industry, and the FAA have all been working together toward a common result.

At the outset, when you said perhaps working together could make a difference, the Administrator has mentioned some of the remarkable gains in safety. I would just like to highlight one thing, if I might.

During the decade of the 1990s based on NTSB, National Transportation Safety Board statistics, we were averaging about 180 accidents a year in Alaska. Year before last, we had 117 accidents. Last year 100. Those are remarkable gains. And the effort that will be necessary to sustain them is the same effort that got us this far, and that is, if we all work together, we'll continue to make improvements.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. I've got some questions, but let's hear first from Commissioner Barton.

STATEMENT OF MIKE BARTON, COMMISSIONER, ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Mr. BARTON. Thank you, Mr. Chairman. And I want to thank you for your personal support of aviation in Alaska over the years. It's made a difference.

I will confine my remarks primarily to those issues that impact our rural communities and the 256 rural airports that the state owns and operates.

Mr. Plumb will address issues relating to the two international airports operated by the state.

I want to start by expressing our thanks to the FAA for its ongoing cooperative relationships with the state over the years.

The Essential Air Service Program remains a critical support for safe scheduled service with 34 Alaskan communities out of a total of 216 that are eligible. In some cases, that service is made possible by this program as the only way that many Alaskans can get the medical help and other vital services that they need.

The state has a strategic goal to improve runways at 24-hour VFR standard in communities that depend on air medical evacuation. A 1999 Congressional study identified 63 communities that did not have this capability. That list is our target.

Runway edge lights and identifier lights and precision-path indicators when installed on a 3,300-foot runway allow 24-hour VFR access.

Congress has made special appropriations of $38 million for this program. And with these special appropriations, we've temporarily improved medical access by deploying portable emergency lights for helicopter landing zones at all 63 communities. And since 1999, we

have improved 26 of the 63 airports to 24-hour standards, and will complete another 14 by the end of 2008.

Realistically, the entire list of 63 communities should have 24-hour medical access by 2015. The continuing support of the Congress and yourself is greatly appreciated.

The FAA and all of those in the aviation community in Alaska should be commended for their efforts in aviation safety. The reduction in incidents and accidents that have been achieved in Alaska is remarkable, and the Capstone program has contributed significantly to this reduction. You've heard a lot about this program and will hear more, but please know that the State of Alaska fully supports an accelerated implementation of Capstone.

And further, the Medallion program has made significant contributions to aviation safety.

Although we are blessed with natural bounty, we never like to see migratory birds on our airports. In fact, we've spent an inordinate amount of time and money managing this federal resource at our certified airports. Ironically, we dedicate State resources to hire federal employees to keep federal birds off state airports.

[Laughter.]

Mr. BARTON. We clearly support more federal participation in the management of those federal resources.

The application of a National Environmental Policy Act, as well as Section 4(f) of the Department of Transportation Act of 1966, needs to be clarified. At some point in time, a decision is made to designate a piece of ground as an airport. It seems that designation identifies the dominant use and clearly specifies the objective for a designated piece of land. I'm not advocating running roughshod over the environment as these airports are developed. I am advocating common-sense application of NEPA, 4(f), and other environmental laws for lands that have long been designated for airport purposes.

With the help of Congress and FAA, the AIP program for state-owned and operated airports in Alaska has grown from $61 million to $205 million in the last 5 years.

Alaska has benefited tremendously from the AIP program, and we are grateful, particularly in our rural communities where our airports are our highways. That's not to say that we don't have unmet needs. The cost of construction in rural Alaska is very expensive. At most locations in rural Alaska, the materials and equipment needed must be barged in from hundreds of miles away during a very short summer construction season.

We could easily double our AIP investment and still find ourselves behind. I urge Congress to more fully fund FAA operations from sources other than the trust fund so that more of the trust fund can be invested in airport improvements.

In closing, I want to emphasize how important air travel and the infrastructure that supports aviation is to Alaska. From our international airports on down to the smallest village strip, our airport system is simply crucial to the state's economy, local economies, and the health and well being of all Alaskans.

Alaska comprises 20 percent of the land mass of the United States, but has less road mileage than Fairfax County, Virginia.

Our air transportation infrastructure is the glue that holds our communities together.

Alaskans appreciate the continuing support of the Congress for aviation and the recognition of the importance of aviation to Alaska is gratifying as well.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Barton follows:]

PREPARED STATEMENT OF MIKE BARTON, COMMISSIONER, ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Thank you, Mr. Chairman. We in Alaska appreciate that you have convened this field hearing to gain a better understanding of the many issues unique to Alaska aviation.

I will confine my remarks primarily to those issues that impact our rural communities and the 256 rural airports that the state owns and operates.

I would start by expressing our thanks to the FAA for its ongoing, cooperative relationship with the state over the years. We have found that our agencies share a common mission of providing the infrastructure for air transportation in a very large, difficult, and often inhospitable area. The willingness of the staff at FAA to face these challenges together with their state counterparts continues to produce mutual benefits.

Essential Air Service

This government program remains a critical support for safe, scheduled passenger service to 34 Alaska communities, out of a total of 216 communities that are eligible. In some cases, the service made possible by this program is the only way that many Alaskans can get the medical help and other vital services that they need.

The state, in developing our comments on each subsidy offer, gives careful consideration to the efficacy of the route subsidized, the carriers competing, and the impact to the community, all with an eye towards funding the most effective program.

Runway Lighting

The state has a strategic goal to improve runways to a 24-hour VFR standard in communities that depend on air medical evacuation. A Congressional study conducted in 1999 identified 63 communities that did not have 24-hour VFR capability. That list is our target. Runway edge lights, end identifier lights, and precision approach path indicators, when installed on a 3,300-foot runway, allow 24-hour VFR access.

Congress has also made special appropriations of $38 million to the FAA for this program. We have worked cooperatively with the FAA to apply these monies to the communities on the list of deficient airports to install lighting and navigation systems.

With the special appropriations, we have temporarily improved medical access by deploying portable emergency lights for helicopter landing zones at all 63 communities. These lights facilitate safer evacuation by Coast Guard and National Guard helicopters in life and death situations. A few civilian operators have also become certified to use these portable lights.

Since 1999 we have improved 26 of the 63 airports to 24-hour standards, and will complete another 14 by the end of 2008. Twenty-three more communities will await a permanent solution. There is a plan in place for them. Realistically, the entire list of 63 communities should have 24-hour medical access by 2015. At that time, more than $500 million will have been invested in these communities, including the $38 million and more than $470 million we are dedicating from the AIP program to bring those airports up to required standards.

The continuing support of Congress is greatly appreciated.

Safety

The FAA and all of those in the aviation community in Alaska should be commended for their efforts in aviation safety. The reduction in incidents/accidents that has been achieved in Alaska is remarkable. The Capstone program has contributed to this reduction, as well a achieving a large improvement in access for aviation in Alaska. This improved access results from the fact that better weather reporting means a better IFR success rate, and therefore more completed flights. Enough has been or will be said about this program, but please know that the State of Alaska fully supports an accelerated transition to a new national airspace system using space-based navigational aids.

Also, the Medallion program has made a significant contribution to aviation safety. You will hear much about the good this program has done, but simply stated, since many state employees fly to all corners of the state, we all look for the Medallion logo on each airplane we board.

Wildlife Management

Although we are blessed with natural bounty, we never like to see migratory birds on our airports. In fact, we spend an inordinate amount of time and money managing this federal resource at our certified airports. Ironically, we dedicate *state* resources to hire *federal* employees (USDA) to keep *federal* birds off *state* airports. Recent interpretation of the Migratory Bird Act of 1918 requires that we cease construction activities if birds are found to be nesting on the airports. This creates undue hardships, delays, and increased costs during our abbreviated summer construction season.

We clearly support more federal participation in the management of those federal resources.

Wetlands

The application of the National Environmental Policy Act, as well as section 4(f) of the Department of Transportation Act of 1966 (49 U.S.C. 303(c)), to all airports, including rural airports, needs to be clarified. At some point in time a decision was made to designate a piece of ground as an airport. It seems that designation identifies the dominant use, and clearly specifies the objective for the designated land.

I am not advocating running roughshod over the environment as these airports are developed. I am advocating common sense application of NEPA, Sec. 4(f), and other environmental laws to lands that have been long designated for airport purposes. A great deal of time and money is spent on living up to the letter of the law. Stringent application of these laws results in added cost and protracted delays in needed projects. Recognition of the primary purpose of lands designated as airports should be incorporated into the implementation of environmental laws at airports. We believe that the small footprints of disturbance from our rural airport construction should allow us to conduct environmental analyses, rather than a full NEPA statement.

AIP Program

With the help of Congress and FAA, the AIP program has grown from $61 million to $205 million in the last 5 years. Alaska has benefited tremendously from the AIP program, particularly in our rural communities, where airports are our highways, and we are grateful.

This is not to say that we don't have unmet needs. The cost of construction in rural Alaska is expensive. At most locations, the materials and equipment needed to construct an airport must be barged in from hundreds of miles away during a very short summer construction season. As communities grow and everyone focuses on improved levels of service such as those identified in the 1999 medical access study, we could easily double our AIP spending and still find ourselves behind.

I urge Congress to more fully fund FAA operations from sources other than the trust fund, so that more of the trust fund can be invested in airport improvements. I suggest, too, that the primary passenger entitlement formula be reviewed and possibly modified. In this fiscal year, Alaska's rural primary airports will earn $29 million in passenger entitlements. Our identified needs list for primary airports totals $535 million.

TSA

We in Alaska are as concerned about transportation security as any state in the nation. We fully support the efforts to protect the traveler and our nation's security. We have many transportation assets, such as the oil pipeline and terminal, the Port of Anchorage, the oil fields, and others, the loss or disruption of which would be a severe blow to our state and the country.

As it is currently structured, the TSA has three separate organizations in Alaska. We believe that the three organizations could be streamlined into one to provide consistent security oversight within Alaska.

We believe, also, that at Alaska's rural airports, transportation security can be achieved in a more efficient manner than at present. Transportation security programs at these airports should be based on threat analysis.

As transportation security is presently implemented at Alaska's rural airports, oftentimes the number of TSA employees outnumbers other airport employees. If a threat-based approach were used, security interests in Alaska could be met with considerably less investment.

Closing

In closing, I want to emphasize how important air travel, and the infrastructure that supports aviation, is to Alaska.

From our international airports on down to the smallest village strip, our airport system is simply crucial to the state's economy, local economies, and the health and well being of all Alaskans.

Across the far reaches of Alaska, our air transportation infrastructure has become the glue that holds our communities together.

Alaskans appreciate the continuing support of the FAA and the Congress for aviation in Alaska. This recognition of the importance of aviation to Alaska is gratifying to all of us.

I thank you for the opportunity today, and will answer any questions the members may have for me.

The CHAIRMAN. Thank you very much. As you were talking, it reminds of a comment that I made—I think that GPS made more difference to our aviation than any other technology. Would you agree with that?

Mr. BARTON. It certainly has made a tremendous difference.

The CHAIRMAN. And Capstone is tied right into that, isn't it?

Mr. BARTON. Yes, it is.

The CHAIRMAN. Can you tell me—our Committee is also reviewing the whole communications pattern now. We're going into broadband, wireless, and so many new communication technologies. Are any of them going to affect the concept of our airways control or things like that, Capstone?

Mr. BARTON. I think Mr. Poe is more qualified to answer that.

Mr. POE. The answer is yes. When the technology is affordable and available. By that I mean, for instance, in Capstone we've already demonstrated that we can take a Capstone-equipped aircraft, fly outside of any ground-based navigation aid, and using the system at hand which was General Dynamics Iridium and go directly from the aircraft to the satellite, down into our center. Which means, in effect, we can track and provide air traffic services anywhere in Alaska without additional ground structure. We, being Capstone and the FAA, have invested money and are looking at this, and doing the research on it.

At this point, it's not mature and robust enough to support that application.

I understand that the Department of Defense is also doing some work in that regard, and we would hope that their successes can be passed on to us.

The CHAIRMAN. You mentioned Capstone in terms of the second and third phase. Do you have a plan that you're going to attempt to take it national?

Mr. POE. We have a plan that is beyond the concept. In fact, we have concept options, and we're working diligently right now with the Mitre Corporation supporting us. We've had extensive input from the aviation community and interests and industry here. By this September, it is our intent—ours being the FAA Alaskan region—to make a presentation of our proposals and alternatives to the senior management of the FAA in Washington, DC. Their advice and influence will help shape what that plan is.

The Phase II plan, which is being implemented in Southeast, takes advantage of the Wide Area Augmentation System. And the day that became active, we opened up air space in Southeast Alaska, 41,000 feet along 1,500 miles of air route, where for the first

time we were no longer held, if you will, hostage to ground navigation aids. That is the precursor of the transition, sir, from ground base to satellite technologies in air traffic services.

The CHAIRMAN. The system was partially modified in Alaska and adapted in test phase; is that true?

Mr. POE. This system being——

The CHAIRMAN. The Capstone?

Mr. POE. Alaska Airlines—if you're referring to Alaska Airlines?

Alaska Airlines predated Capstone in using something called RNP, which is Required Navigation Procedures. And a special approach down Gastineau Channel into Juneau, Alaska. RNP was groundbreaking in aviation. That doesn't sound like the right term in aviation, but it certainly opened up the rest of the world for that application, and RNP is one of the technologies and approaches that's being used by Alaska Airlines in other places in the Lower 48, and it's one that we, the FAA, are promoting nationwide.

The CHAIRMAN. Mr. Barton, have you discussed with the Department of Transportation and the FAA the impact of this requirement of 10 percent match from villages for Essential Air Service?

Mr. BARTON. We have not yet, Mr. Chairman. We're watching that very carefully and intend to enter into that dialogue.

The CHAIRMAN. Knowing some of them as I do, I think some of them can't make that payment. I would wonder if we could work out some concept of more broader application so that more than one village would contribute something for that—at least have some way that there's a pool of money to meet the requirements for an Alaska match without really imposing on some villages a match that I don't think they can make.

Mr. BARTON. There is no question that a number of the villages have a great deal of difficulty meeting that match requirement. We will have to work something out along those lines.

The CHAIRMAN. Are there any other systems being tested now in the Alaska region that we have not discussed here today?

Mr. POE. Yes, sir. We've recently completed a test in Fairbanks, Alaska using laser technology to hold short lines to prevent runway incursions. That product was available through the Galaxy Corporation. Under a licensed to Greatland Laser from Alaska. And the results of that evaluation are just now becoming available.

The evaluation was done by our technical center in Atlantic City, New Jersey. The results to date do not appear to justify the deployment of that technology for hold short lines and things of that nature.

The areas of improvement have been documented, and that evaluation is ongoing, and we're working with the manufacturer.

The CHAIRMAN. Does that technology have any application to the rural villages where the needs for lighting is just imminent?

Mr. POE. The—I think as it becomes more—if I can use the term, mature and robust, in that it moves from R&D into a certified state, I think that technology would have a place in the inventory. And by "the inventory," I mean the things that sponsors, such as the State of Alaska, could use in an AIP grant proposal.

Right now these remain early days for that technology.

The only other thing I might mention, Mr. Chairman, is that there are different types of community outreach programs that are

going on right now. I think many are the first in Alaska. The Circle of Safety, which is a consumer awareness and safety advocacy program. And most recently, an outreach into the general aviation community to address and focus upon those things general aviation pilots can do for themselves to the betterment of their safety record and to the benefit of their families.

The CHAIRMAN. Thank you both for your testimony.

Mike, I'm constrained to ask, how can you tell a Federal bird from an Alaska bird?

[Laughter.]

Mr. BARTON. It's one that's subject to the Migratory Bird Treaty Act. That's the best way.

The CHAIRMAN. You made a good suggestion. We will take a look at that.

Thank you both very much.

Our last panel is the panel of Morton V. Plumb, the Director of Anchorage International Airport; Rick Thompson, Alaska Region, Vice President of the National Air Traffic Controllers Association; Jerry Dennis, the Executive Director of the Medallion Foundation; Richard Harding, PenAir; and Karen Casanovas, executive director of the Alaska Air Carriers Association.

I don't know if you can all find a seat there. I'd like to see if we can just have your comments, and then see if there's any questions that I should put to you before we finish.

Dick, I know that George has pointed out to me in the paper yesterday that you announced your 40th anniversary.

Mr. HARDING. Thank you very much.

The CHAIRMAN. Mort.

STATEMENT OF MORTON V. PLUMB, DIRECTOR, ANCHORAGE INTERNATIONAL AIRPORT

Mr. PLUMB. Good morning, Mr. Chairman, and Members of the Committee. My name is Mort Plumb, and I'm the director of the Ted Stevens Anchorage International Airport.

I appreciate the opportunity to speak with you today about our airport.

Since the beginning of air field operations more than 50 years ago, Anchorage International has grown into the No. 1 airport—cargo airport based on landed gross weight, and fourth ranking airport in the world based on cargo tonnage. We expect Anchorage's air cargo operations to continue the growth based on Asia-U.S. trade, and new federal legislation authorizing liberalization for foreign and domestic air carriers who use Anchorage as a transfer hub.

Alaska's strategic position on the Pacific Rim, despite high fuel prices, is another contributing factor to Anchorage's cargo ranking. Faced with narrowing margins, many carriers are capitalizing on the payload versus range equation.

Last week marked the 1-year anniversary of the airport's new C Concourse, and plans are currently underway for $143 million retrofit of the A and B Concourse to bring them up to seismic code.

In addition to structural improvements, our airport will see upgrades from air carriers to include the arrival of the A380 for FedEx and UPS in 2008 and 2009, respectively. The airport has

been preparing its air field with the help of FAA LOI funds—thank you—to accommodate these aircraft.

AIP funding formula changes concern us, Mr. Chairman. In the most recent budget bill, an effort was made to change the funding formula, and ultimately reduce cargo entitlements in the Airport Improvement Program, better known as AIP.

Based on this formula change, Anchorage's cargo entitlements would be reduced from 14.6 million to 6.8 million. Such a reduction in cargo entitlements would directly impact Anchorage's ability to provide the infrastructure required to support the substantial growth in global air cargo traffic in a national transportation system. It's critical to Anchorage to maintain a 3.5 cargo entitlement rate with no cap.

Senator Stevens, you were very instrumental in increasing the cargo entitlement rate from 3 percent to 3.5 percent and removing the cap for total amount of cargo entitlements funding to any one airport.

Anchorage is the only airport in the Nation that relies so heavily on cargo entitlements. Anchorage currently accounts for nearly 13 percent of all cargo traffic in the United States. Because Anchorage serves a critical transit point for a large proportion of the international air cargo to and from the United States, funding for our airport, our cargo support for infrastructure is truly a national, not merely a local, concern.

Congress has proposed raising the passenger facility charge rate from 3.50 to $8 per plane passenger. For some airports, increased PFCs can cover cargo entitlement losses. As an example, Memphis is the second largest cargo airport in the United States. A formula change would reduce cargo funding for Memphis by $7.4 million; but they would be able to increase general airport funding by over 23 million by raising the PFC. This is not the case for our airport.

The airport, along with Cathay Pacific, would again ask for your assistance to get the Transit Without Visa Waiver Program reinstated in Anchorage. After being assured many times that DHS would reinstate this vital program, to date it remains suspended.

This program allows passengers traveling from one foreign country to another foreign country to transit the U.S. without obtaining a U.S. visa. To date, the program remains suspended. Unlike all other airports in the nation, the passengers on the ATP program that fly through Anchorage arrive and depart on the same aircraft, the same carrier, and the same flight. As to visa-waiver flights, Anchorage is merely a transfer stop—excuse me, simply a transit stop, not a transfer stop.

It is Cathay's desire to offer passenger service between Anchorage and Hong Kong, but they are unable to do this until the Transit Without Visa Program is reinstated, at least for secure facilities such as ours.

I would recommend you support a pilot test program at the Anchorage Airport.

We recommend more flexibility for AIP spending. Current FAA regulations are very restrictive on the ability of airports to use their entitlement funding. If the regulations were more flexible, airports would have the ability to use the funding more efficiently. For example, special condition 9 of the AIP grant agreement pre-

cludes us from purchasing essential pieces of equipment using AIP funds.

Federal agency space requirements are problematic for airports around the country. Federal agencies operating at airports should be required to pay for space to insure that space requirements are reasonable, and to encourage the agencies to use space efficiently, without duplication, and reduce costs to the airlines.

Airports are increasingly asked to reduce the cost to carriers and to find new and creative ways to generate additional non-aeronautical revenues. At the same time, airports are being asked by federal agencies to increase space allocated to the agencies. With the exception of TSA, all agencies have laws in place that require airports to build and furnish space at no cost to agencies. The function these agencies provide are invaluable to the safety and security of our country, but building extravagant and duplicate facilities for agencies is a waste of scarce resources. So, as long as the law requires airports to build facilities with no cost to the federal agencies, there is no incentive for the agencies to be practical with their requirements.

With regard to TSA, we have a very good working relationship with the leadership. However, Anchorage has promised that new security requirements would be reimbursed by TSA. To date, these commitments have not been fulfilled. In fact, Ted Stevens Anchorage International Airport's LOI application is now No. 23 on the list for funding. To date, Anchorage has spent 19.6 million to fund TSA-mandated enhancements at Concourse C, and is projected to spend another 15 million in Concourse A and B.

We are very proud of our float plane accommodations at Lake Hood. It arguably takes honors as the largest and busiest seaplane base in the world. Given the critical importance of generation aviation to Alaska, we would appreciate any possible support for more or alternate general aviation facilities.

In conclusion, the Ted Stevens Anchorage International Airport serves as a critical transit and transfer point for a large proportion of international air cargo to and from the United States. Our airport is not merely a part of the national air transportation system, but a critical international strategic location.

Senator Stevens, Secretary Mineta, Administrator Blakey, thanks to all your relentless efforts, we have seen our cargo entitlements increase and our new cargo legislation adopted to enhance and maintain our competitive Anchorage in the global marketplace.

We thank you for your continued support. This is truly an important contribution you're making to the future economic well being of our state and the security of our country.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much Mort.

We'll move on. Mr. Thompson is the Alaska Regional President for the National Air Traffic Controllers Association.

I guess I'm correct, Dick, you're next in line? We're just going to go down that line. All right.

Mr. HARDING. Me next?

The CHAIRMAN. Sorry.

STATEMENT OF RICHARD HARDING, SENIOR VICE PRESIDENT, PENAIR

Mr. HARDING. Good morning, Chairman Stevens, guests. Thank you for allowing me the opportunity to testify today with regard to my experience with the Capstone program.

The successes described by Administrator Marion Blakey this morning could not have been achieved without combined effort of the FAA and the aviation community working closely together.

I came to Alaska as a young pilot in 1970 with a fresh ATP certificate in my pocket after learning to fly in California. I believe at that time there were more VORs in the Los Angeles Bowl area than in the entire State of Alaska. The transition was like going to a foreign country where few navigation aids and many of the runways that were what somebody would expect in a Third World country. Runways have changed a great deal, especially in the last couple of years with the additional funding. We've got some excellent runways now. It's not par with the Lower 48, but we're getting there gradually, and thanks to the additional funding. The nav aids, however, are about the same as we had when I came in the 1970's.

In 1977, a group of air carrier operators met with the FAA and some representatives from UPS Technologies to discuss what could be done to improve navigation communication in Alaska. We were told that with the new technology they could produce almost anything we could conceive. And everything we see today in Capstone is what we dreamed of then, ADSB stands for Automatic Dependence Surveillance Broadcasts. ADSB is automatic in that there is no pilot input necessary. It's dependent on a series of satellites rather than high maintenance ground-based facilities. It gives us capability of surveillance by our operation centers. Aircraft can see each other and we can be surveilled by air traffic control.

The unit in the aircraft also has the ability to broadcast as well as receive. The pilot can select any of three displays in the cockpit. A moving map display which shows weather, traffic, or terrain. Today our pilots don't want to fly without it. Customers, passengers love it.

We had a little old lady that was going to one of the villages during the beginning stages of this program. She came up to find out when her plane was going to arrive and she believed—only about half of our airplanes were equipped, and she asked, "Is the airplane that I'm going to be flying in have Capstone stuff in it?"

One of the advantages in small aircraft is the passengers can see the panel and can see this moving map. Most flying in rural Alaska is done with these small aircrafts servicing more than 200 communities that are not on any road system. Aircraft have to fly at low altitudes to maintain visual conditions because there are no low-altitude airways connecting the villages, nor approaches to the runways upon arrival. The Capstone program has provided a means with emerging technology to address both of these issues making aviation in rural Alaska safer and more efficient to the traveling public. Capstone has GPS approaches at communities that have no other instrument approach procedures. In Southeast Alaska Capstone has been instrumental in designing and creating low-altitude

airways outside of the icing areas that allow aircraft to utilize air space that was never available before.

Capstone was the first to use the Wide Area Augmentation, the WAAS system that Congress has previously funded. When the FAA completes the WAAS testing in the rest of Alaska, communities will have all-weather access with precision approaches that were not previously available to them. It will mean all-weather, 24-hour access to medical services not available today.

Many of the communities that have instrument approaches do not have radar coverage to altitudes below 5,000 feet. With Capstone equipment on board, air traffic control can now see traffic on the same screen that they can see high-flying radar targets. This technology enables controllers to merge traffic safely, as they do in the rest of the country. All progress accomplished today is in accordance with the FAA concepts for the future national air space system.

The Capstone program is demonstrating how rapid transmission to the new NAS can be accomplished. The government surely cannot afford to operate a system side by side for an indefinite transition period. So it's essential that the government and industry continue to work together.

With the Capstone project emerged a council of industry leaders, such as members of the air carriers, manufacturers, aviation groups such as Alaska Air Carriers Association, and several government organizations. This new group, the Alaska Aviation Coordination Council, developed a 5-year strategic plan that includes all of the areas that the FAA Administrator, Marion Blakey, had previously mentioned.

During the time I have been flying in Alaska we have gone from the oldest, most outdated navigation system to the cutting edge navigational equipment. We are all working for the same goal: To improve aviation safety in Alaska.

The Medallion program addresses culture by providing guidance, getting pilots and management involved in the safety process. The Capstone program is a technology center of the partnership. It is necessary on both working together to make a difference.

We in Alaska aviation have been fortunate to have the relentless support of Senator Stevens. We have also had the backing of the FAA administrator, Marion Blakey, and Secretary Mineta. Together we have reduced the aviation accident rate and are providing an example of what can be done with a national air space transportation system.

Thank you, Mr. Chairman, for allowing this time.

[The prepared statement of Mr. Harding follows:]

PREPARED STATEMENT OF RICHARD HARDING, SENIOR VICE PRESIDENT, PENAIR

Good morning, Chairman Stevens, Senator Inouye and Members of the Committee. Thank you for allowing me the opportunity to testify today with regard to my experience with the Capstone program. The successes described by Administrator Blakey could not have been achieved without the combined efforts of the FAA and the aviation community working closely together.

I came to Alaska as a young pilot in 1970, with a fresh ATP pilot certificate in my pocket after learning to fly in California. I believe, at that time, there were more VORs in the Los Angeles bowl area than in the entire State of Alaska. The transition was like going to a foreign country. There were few navigational aids and many of the runways were what one would expect to find in a third world country.

In 1997, a group of air carrier operators met with the FAA and some representatives of UPS Technologies to discuss what could be done to improve navigation and communication in Alaska. We were told that with the new technology, they could produce almost anything we could conceive. Everything we see today in Capstone is what we dreamed of then. ADSB stands for Automatic Dependent Surveillance Broadcast. ADSB is automatic, and no pilot input is necessary. It is dependent on a series of satellites, rather than high maintenance ground based facilities. It gives us surveillance capability by our operations centers, other aircraft, and Air Traffic Control. The unit in the aircraft also has the ability to broadcast, as well as receive. A pilot can select any of the three displays in the cockpit, on a moving map display, weather, traffic or terrain. Our pilots don't want to fly without it. Our passengers love it. We had one in the beginning that asked the gate when her flight would be ready and if it had that "Capstone stuff" In small aircraft the passengers can usually see the pilot's panel.

Most of the flying in rural Alaska is done with these small aircraft, servicing more than 200 communities that are not on any road system. Aircraft have to fly at low altitudes in visual conditions because there are no low altitude airways connecting them, nor approaches to the runways upon arrival. The Capstone program has provided a means with its emerging technology to address both these issues, making aviation in rural Alaska safer and more efficient for the traveling public. The latest independent safety analysis reports accidents in the Capstone demonstration area have been reduced by 47 percent.

Capstone has initiated the installation of more than 40 GPS approaches at communities that have no other instrument approach procedures. In Southeast Alaska, Capstone has been instrumental in designing and creating low altitude airways, outside of icing areas, that allow aircraft to utilize airspace that was never available before. Capstone was the first to use the Wide Area Augmentation System that congress had previously funded. When the FAA completes WAAS testing in the rest of Alaska, communities will have all weather access, with precision approaches, that were not previously available to them. This will mean all weather, 24-hour access to medical service, that is not available today.

Many of the communities that have instrument approaches do not have radar coverage at altitudes below 5,000 feet. With Capstone equipment on board, Air Traffic Control can now see traffic on the same screen they see high-flying radar targets. This technology enables controllers to merge traffic safely, as they do in the rest of the country. All the progress accomplished to date is in accordance with the FAA concepts for the future National Airspace System. The Capstone Program is demonstrating how a rapid transition to the new National Airspace System can be accomplished. The government surely cannot afford to operate dual systems side-by-side for an indefinite transition period, so it is essential that government and industry continue to work together.

From the Capstone project emerged a council of industry leaders such as members of air carriers, manufactures, aviation groups such as the Air Carriers Association, and several government organizations. This new group, the Alaska Aviation Coordination Council developed a five-year strategic plan that includes all of the areas FAA Administrator Blakey had previously mentioned.

During the time I have been flying in Alaska, we have gone from the oldest, most outdated navigation system, to cutting edge navigational equipment. We are all working toward the same goal, to improve aviation safety in Alaska. The Medallion program addresses the culture by providing guidance in getting pilots and management involved in the safety process. The Capstone program is the technology side of the partnership. It is necessary to have both working together to make the difference.

We, in Alaskan aviation, have been fortunate to have the relentless support of Senator Stevens. We have also had the backing of the FAA Administrator Marion Blakey. Together, we have reduced the Alaskan aviation accident rate and are providing an example of what can be done in the National Airspace System.

Thank you for allowing me the opportunity to speak today.

The CHAIRMAN. Thank you very much. Glad to have you here. Just go right on down the line. Mr. Dennis.

STATEMENT OF JERRY DENNIS, EXECUTIVE DIRECTOR, THE MEDALLION FOUNDATION

Mr. DENNIS. Thank you, Mr. Chairman.

Good morning, Chairman Stevens. My name is Jerry Dennis. I am the Executive Director of the Medallion Foundation. I do appreciate the fact that the Committee has chosen to have this hearing here, and specifically would like to thank you for inviting me to talk to the Medallion Foundation.

More than 32 years ago I came to Alaska as an NTSB investigator. At that time, the accident rate was much higher. In fact, during my time with the safety board, I personally averaged 110 accident investigations a year, which is far more than the total number of mishaps in Alaska that was attested to by Mr. Poe just a few moments ago. When you consider that we had three investigators all averaging about the same, you can see there's been a considerable improvement.

However, flying in Alaska in the 1970s and 1980s is not like flying in Alaska today. Or, actually, is it?

In 1979 I was part of the NTSB special study on air taxi safety in Alaska. Except for the advancements in technology, almost every item we've discussed in that study has been echoed in succeeding studies, including the one referenced by the FAA Administrator in her testimony earlier today. It is significant that the same problems were identified not by one additional study, but by 4 separate studies. How can this be?

I believe it is because we are a highly regulated industry and have been doing the same things over and over again. All the time using the FAA regulations as our safety net. Einstein had an interesting definition for "insanity": Doing the same thing over and over again and expecting different results.

I believe that the Medallion Foundation has broken that mold, and the key is not additional regulations or another safety program. But, instead, it is dedicated people armed with the license to learn in the industry and educating others using a back-to-basics, one-on-one training philosophy.

A quick review will show that every major reduction in aircraft accidents has resulted from a change in technology. It is because of these improvements that the focus has not been on manufacturers, but on more tangible technological solutions. However, the accidents are still occurring and the pilot is still cited as a causal factor in more than 70 to 75 percent of the mishaps.

The Capstone technology being discussed here today has reduced accidents and is a wonderful tool. I'm hear to say, the Medallion Foundation Five Star Shield Program is also a very valuable tool that is focused on human factors and the organization. It has also reduced accidents throughout Alaska.

This program is unique in that it was developed by the industry, not the government. It is based on the belief that the individuals doing the job usually know more about what is wrong than anyone else. And 9 times out of 10, they also know the answer to the problem. The Medallion programs are based on this concept and they're a step above the regulations. A voluntary process that has higher safety goals that can be tailored to each operator based on their needs and requirements.

Why is this program working? One of the primary reasons is because it's good business and demonstrates that safety can be a profit center. The Senior Vice President of PenAir, Mr. Richard

Harding, sitting to my right, has stated on numerous occasions that the shield program has reduced their occupational exposure by as much as 60 percent. When you look at the cost of workers' compensation today, that equates to real dollars.

Another reason, and a big one, is that the program is proactive, not reactive. It is based on what people do right, not how to prevent the last accident.

Another important part of this success story is the relationship we have with the FAA. This type of program would have been difficult, if not impossible, just 10 years ago. And even with this partnership approach, it still took well over a year to get the inspectors to acknowledge that we had something to offer.

One other very important advantage that we have over any government agency is flexibility. We can change things as we see fit and do it now.

In the past 3 years, we have instituted 6 improvements to the program. We still have oversight from the FAA, as our monthly meetings and quarterly reports will attest. But I believe that the FAA now looks on the Medallion Foundation as a tool they can use as well.

I firmly believe that given the current evolution of the program in the next 6 to 9 months, the FAA will be able to use the Medallion programs to assist in their evaluation of an operator, and will be able to focus their resources on more troubled carriers.

I also believe that using our process-based approach and a viable internal evaluation program will be the basis for a limited form of self-regulation that may change the nature of government oversight.

The grant provided by Congress with the sponsorship of Senator Stevens has already changed aviation in Alaska. I believe that the programs being developed here, both Medallion, Capstone, weather cams, and others, will eventually be utilized in the Lower 48 and other parts of the world as well.

In conclusion, I would like to thank you, Mr. Chairman, for the opportunity to testify on the subject. I would be happy to answer any questions you might have.

The CHAIRMAN. Thank you very much.

Mr. Thompson.

STATEMENT OF RICK THOMPSON, ALASKAN REGIONAL VICE PRESIDENT, NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION

Mr. THOMPSON. Good morning, Mr. Chairman. I appreciate the opportunity to testify today on Alaskan aviation issues.

I'm a 20-year veteran air traffic controller at the Anchorage Air Traffic Control Center. NATCA has a long history of supporting new aviation technology and modernizing our nation's air traffic control system to meet the growing demand for aviation services.

In Alaska we have a number of unique opportunities to be on the cutting edge of new technology. Today I'll address issues affecting those factors. NATCA is not interested in simply pointing out challenges; we are prepared to offer solutions. The issues we face are not insurmountable, rather they present opportunities for aviation

stakeholders to provide input and expertise that allow us to continue to build Alaska's aviation infrastructure.

The FAA is facing a nationwide air traffic controller retirement crisis. NATCA has been working secure funds to hire and train the next generation of controllers. Unfortunately, the slow pace of hiring has exacerbated the problem. Anchorage Center is staffed at 88 percent of its authorized control positions, and 15 percent of the work force will be eligible to retire in 24 months. The critical aviation network in Alaska cannot meet the needs of our state if this problem is not addressed.

This situation has been exacerbated by Anchorage Center new sector staffing plan in the increase in the Anchorage's supervisor staffing because they hire directly from the control ranks. Management at the Anchorage Center unilaterally instituted a new sector staffing plan. Under the plan, controller resources are allocated based on meaningless metrics rather than user demand and safety. This plan does not fit the dynamic flow of the air traffic system. It has impeded quick responses to capacity, and consequently, reduced the margin of safety.

We are open and willing to discuss the best most efficient use of staff. However, the FAA has rejected our offers to be included in such discussions. Anchorage Center has also increased the level of supervisor staff. A year ago there were 12 first-level supervisors, resulting in a ratio of about 10 controllers per supervisor. Today, the agency is hiring a total of 21 first-level supervisors, for a ratio of 5.5 controllers per supervisor. I have 2-year-old twins. There is more supervision of air traffic controllers in Anchorage Center than there is of my 2-years-olds at their day care.

This does not improve the services in Alaska. This only serves the bureaucracy, and reduces our ability to deliver services to our users.

Today we face a number of issues modernizing ATC infrastructure. Regular preventative maintenance of communication, navigation, and surveillance systems is needed to insure the reliability of the NAS. The FAA has decided to resurrect parts of a failed Alaskan test under the new name Reliability Center Maintenance.

The agency states that the necessary analysis has been completed to validate the event-based approach to maintaining the safety-critical equipment. Yet the decision was made before our work group chartered to study the problems was ever convened. NATCA asked that the agency hold an open discussion with stakeholders prior to implementing this program.

We opposed eliminating 24-hour air traffic control services at Fairbanks International Airport. Fairbanks Air Traffic Control Tower is a 24-hour tower and approach control which handles over 927,000 passengers per year. Fairbanks International is the economic, transportation, medical, financial and government hub of Interior Alaska. A reduction of services is not efficient, effective, or safe.

The cost savings did not justify the safety and economic impact of reduced services. The FAA/NATCA liaison program allowed for the involvement of air traffic controllers and technical experts in modernization efforts. It has resulted in cost savings, on time deployment, and successful implementation of new technology. How-

ever, on June 28th the FAA informed NATCA that it is terminating this effort due to budget constraints. This includes George Lloyd from Anchorage Tricon who has been serving as the ANB 500 liaison responsible for Capstone and ADSB for the past year.

NATCA supports the full and complete development of Capstone initiative to use ADSB as an air traffic control tool in Alaska. The Capstone program has enhanced the safety of the entire operations in Alaska. NATCA believes the FAA should concentrate its Capstone program resources on completing air traffic control concepts contained in Phase I—approach control services for Bethel—before moving to Phase II—approach control services for Juneau.

Aircraft operators in the Bethel area have been looking for the FAA to provide control surveillance approach control services in order to increase the capacity of the Bethel Airport during the special VFR and IFR operations. This goal can be reached. NATCA supports this objective, and we have worked to insure these new services can be provided. However, development problems continue. Last week FAA management made the decision to turn the Capstone information off Anchorage Center's radar screens. This was the result of data integrity problems of unknown origins created by—creating an unacceptable safety risk. Management was aware of the problems for weeks, but did not inform the controllers of the mounting concerns prior to disabling the data.

NATCA recognizes the significant safety potential of the ADSB technologies in air traffic control tool. However, in its current state, the Capstone program lacks the proper oversight and direction needed to be successful in fielding a fully integrated air traffic control tool.

NATCA is prepared and willing to work with the agency completing Capstone Phase I and Phase II. I ask that the FAA fully engage NATCA in the critical discussions that must take place.

By working together to address the decisions at hand, we can move rapidly to provide Bethel and Juneau system users to need services in an efficient and timely manner.

The Capstone office has also created a plan to divest ground-based navigational aids in Alaska and shut down Alaska's long-range radars. To my knowledge, this plan was developed without the input of system users and air traffic controllers in Alaska. NATCA asks that any plan with such a magnitude and impact on Alaskan aviation be discussed in an open and public forum.

Thank you for this opportunity to testify on Alaskan aviation issues. On behalf of NATCA and the Alaskan air traffic controllers, we look forward to working with you and your staff to ensure that our air traffic control system remains the safest and most efficient in the world.

And I'll be happy to answer any questions that you may have.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF RICK THOMPSON, ALASKAN REGIONAL VICE PRESIDENT, NATIONAL AIR TRAFFIC CONTROLLERS ASSOCIATION

Good morning Mr. Chairman, I appreciate this opportunity to testify today on Alaskan aviation issues. I am Rick Thompson, Alaskan Regional Vice President for the National Air Traffic Controllers Association. NATCA represents about 20,000 FAA safety-related professionals in a variety of positions including air traffic control

specialists, engineers, architects and pilots. I am also a 21-year veteran air traffic controller at the Anchorage Air Route Traffic Control Center (ZAN).

I am honored to represent these aviation safety professionals and to speak on their behalf today. NATCA has a long history of supporting new aviation technology, modernizing and enhancing our nation's air traffic control system and working to ensure we are prepared to meet the growing demand for aviation services. In Alaska, we have had a number of unique opportunities to be on the cutting edge of new technology. Today, I want to address a number of issues—Anchorage Center Staffing, NATCA's involvement in air traffic control modernization and the Capstone project, air traffic control infrastructure decisions, and controller retention issues in Alaska. NATCA is not interested in simply pointing out challenges; we are prepared to offer solutions. The challenges we face are not insurmountable, rather they present opportunities for aviation stakeholders to provide input and expertise that will allow us to continue to build the aviation infrastructure in Alaska, maintain and enhance the global leadership we inherited, and meet the needs of our community.

Anchorage Air Route Traffic Control Center (ZAN) Staffing

As the Committee is aware, the FAA is facing a nationwide air traffic controller retirement crisis. NATCA has been working for years to secure the much-needed funds to hire and train the next generation of air traffic controllers. Unfortunately, the slow pace of hiring has only exacerbated the problem. In fact, there are 1,000 fewer controllers in the FAA than just 2 years ago.

In the December 2004 Air Traffic Controller Workforce Plan, the agency states that it plans to hire 1249 air traffic controllers in FY06. And, for the first time, the agency acknowledged that its prior hiring policy of one hire for one retirement is not adequate because of the time needed to train a new controller. Yet, their budget request provided $24.9 million to hire 595 air traffic controllers. It seems they only intend to hire the other 654 controllers based on attrition—contrary to their acknowledgement that one for one hiring is not adequate. Considering the projected losses in 2005, this plan does not keep pace with current demand.

At Anchorage Center, there are currently 112 air traffic control specialists on board, only 88 percent of the number required under the FAA's system (127). Of those currently on board, 15 percent are eligible to retire in the next 24 months. Simply put, Mr. Chairman, the critical aviation network in Alaska cannot meet the needs of our state if this problem is not addressed.

Air Traffic Organization

A primary stated objective of the new Air Traffic Organization was to reduce the layers of management between Chief Operating Officer and the delivery of air traffic services (controllers). Specifically, the stated goal was to reduce from 11 to 6 the layers of management between the COO and the air traffic controllers. NATCA supported this initiative. Unfortunately, Anchorage Center is moving in the opposite direction. About a year ago, there were 12 first level supervisors resulting in a ratio of about 10 controllers per supervisor. Today, there are 18 first level supervisors and the agency is planning to hire another three for a total of 21 first level supervisors or a ratio of 5.5 controllers per supervisor. I have two-year-old twins. There is more supervision of air traffic controllers at Anchorage Center than there is of my two-year-old twins at their daycare. Alaska State law requires one daycare worker per six kids under the age of two, and at age three it is only a 10-to-1 ratio.

The increase in first level supervisors is costly, inefficient and only serves to further exacerbate the air traffic controller staffing problem as supervisors are picked directly from the controller workforce. It has not made the system or Anchorage Center operations safer. Now we simply have more people watching fewer people talking to more airplanes. In addition, the number of second level supervisors has also increased at Anchorage Center. And, the agency plans to add another level of management at the top of their three Regional Service Areas. The ATO was supposed to streamline the system, but in Alaska it has served only to bloat the bureaucracy, increasing the costs and reducing our ability to deliver service to our users.

In May 2005, management at Anchorage Center unilaterally instituted a new ZAN sector staffing plan. Under this plan resources are allocated based on a meaningless metrics rather than user demand and safety. Areas are now staffed at 60 percent regardless of the volume and complexity of traffic. Thus during periods of low traffic volume, controllers are plugged in when they could be performing other assigned duties such as training, proficiency work or reading the daily briefings. Conversely, in times of peak traffic volume when additional controllers are needed, none are available. The new staffing plan does not fit the dynamic flow of the air

traffic system. In fact, it impedes quick responses to capacity demands and consequentially reduces the margin of safety. NATCA and the Anchorage Center controllers are open and willing to discuss the best and most efficient use of resources and staff. However, the FAA has rejected our subject matter expertise and declined to include us in any such discussions or decisions.

Reliability Centered Maintenance

The FAA is radically changing the existing proven system of maintaining and certifying navigational aids, radars, and air traffic control communication frequencies. Five years ago, the FAA tested a revised maintenance program for navigational aids in Alaska called Corporate Maintenance Philosophy (CMP). Under this program, regular preventative maintenance of communication, navigation and surveillance systems was no longer conducted. Only when the equipment failed would someone be sent for repairs. While that might work for the Maytag repairman and your washing machine, it did not work for air traffic control critical equipment, which in Alaska is often in remote locations with no road access. Ultimately, the number of important navigational aids out of service because of failures in Alaska escalated and escalated, and the program failed.

Unfortunately, the FAA has decided to resurrect parts of this program under a new name, Reliability Centered Maintenance (RCM). The agency states the necessary engineering analysis has been completed to validate the event-based approach of maintaining this safety critical equipment. Yet, the decision was made before the workgroup chartered to study the problem ever convened. RCM's purpose is to cut costs by deferring maintenance on sites that the FAA deems are unimportant or too costly to maintain. It did not work 5 years ago under CMP and it will not work today under the new title of RCM.

NATCA is very concerned that the agency is reinstating this failed program. If the navigational aids, communication frequencies and radars are not properly maintained, the reliability of the NAS will suffer. Air traffic routes and approaches to airports may not be available when needed adding time and financial burdens to the users and the flying public. Since the aviation system in Alaska is the sole lifeline for many communities, this program will have a significant impact. Accordingly, NATCA believes the agency should hold an open forum to receive feedback from the system users prior to implementation. Our community understands the importance of a reliable aviation system and critical decisions should not be made from FAA in Washington without any input from those who know and understand Alaska aviation.

Fairbanks Air Traffic Control Tower

Fairbanks Air Traffic Control Tower (FAI) is an instrumental flight rule tower and approach control facility that handles over 927,000 passengers per year. Fairbanks International Airport is the economic, transportation, medical, financial, and government hub of interior Alaska. In fact, the airport serves as the alternate for Ted Stevens Anchorage International Airport. During low IFR conditions (below arriving aircraft approach minimums) aircraft scheduled to land at Anchorage are often diverted to Fairbanks.

The Fairbanks approach control facility also handles traffic to and from the Fort Wainwright Army Base home of the 1st Brigade, 6th Infantry Division (Light) and the Eielson Air force Base which is the northernmost U.S. fighter wing in the world, the 354th Fighter Wing's A/OA–10 Thunderbolt II and F–16 Viper aircraft. Eielson is also home to Cope Thunder, the largest aerial exercise in the Pacific region, held four times a year.

Earlier this year, the FAA announced its plan to eliminate 24-hour air traffic control operations at 42 towers nationwide as a way to cut costs. Fairbanks Air Traffic Control Tower is on the list. Initially, the agency's FY06 budget submission assumed a $2 million cost savings yet in recent testimony the agency has stated the savings could be $6 million for eliminating services at all 42 towers during the overnight hours.

NATCA strongly opposes efforts by the FAA to reduce service and thus reduce the margin of safety. Air traffic is no longer experiencing the effects of the post September 11, 2001 decline. The agency states that flight activity during any period where the tower is unmanned will be handled by the appropriate en route center or TRACON. These facilities are already doing more with less. In the case of Fairbanks, Anchorage Center would assume responsibility for activity at the tower. However, the air traffic controllers at Anchorage Center are not familiar with the airport and cannot see the runways. They will not be able to tell a pilot if there is a problem with the weather, debris on the runways, maintenance on the airport surface, etc. In addition to commercial traffic, most of these towers handle emer-

gency landings, diverted passenger flights, delayed traffic, major air freight operations, and military operations 24 hours a day.

NATCA recognizes the budgetary issues facing the agency and the industry. In fact, we have offered several cost savings measures—that do not reduce capacity or safety—to authorizers, appropriators and agency officials. We believe the FAA's budget is sufficient to meet the needs of the system but the agency continues to make unwise spending choices. Turning the lights off in these towers is not efficient, effective or safe. The cost savings do not justify the safety and economic impact of reduced service.

Air Traffic Control Modernization

For over a decade, NATCA has been working day and night with the FAA to move new technologies into the workplace as quickly, efficiently and safely as possible. FAA modernization is an ongoing process and NATCA has been directly involved in every technology project from its inception. This collaboration and teamwork has been instrumental in ensuring the success of vital technology projects from en route modernization (Display System Replacement) to runway safety technology (Airport Surface Detection Equipment). However, on June 28, 2005 the FAA informed NATCA that it is terminating the liaison program effective July 29, 2005 due to budget constraints. This includes George Lloyd from Anchorage TRACON who has been serving as the AND–500 Liaison responsible for Capstone and ADS–B for the past year.

The liaison program has routinely demonstrated success and has been commended by FAA management officials and contractors. In fact, a November 2004 Government Accountability Office report emphasized the need to involve controllers "early and throughout FAA's ground systems approval process." The report found that when the FAA did not involve air traffic controllers and technical experts, its new air traffic control systems experienced cost over-runs and schedule delays. And just this week, ATO Chief Operating Officer Russ Chew praised the collaborative effort that marked the successful implementation of new technology (ATOP) at New York Center that provides satellite coverage of oceanic air traffic. The agency's action is short-sighted and will only hamper air traffic control modernization efforts.

Capstone

NATCA supports the full and complete development of the Capstone initiative to use Automatic Dependent Surveillance (ADS–B) as an air traffic control tool in Alaska. The Capstone Program has enhanced the safety of visual flight rule (VFR) operations in Alaska's difficult terrain and challenging weather conditions. However, we are concerned with the FAA's lack of focus in properly completing ADS–B's technological development into a fully integrated and useful air traffic control tool.

A primary goal for ADS–B in Alaska is to become an integrated, seamless air traffic control tool for the instrument flight rule (IFR) environment by providing new and expanded radar services via Phase I (the Bethel area) and Phase II (the Juneau area). As you are aware, the aircraft operators in the Bethel area have been looking for the FAA to provide true radar approach control services in order to increase the capacity of the Bethel Airport during SVFR and IFR conditions. This goal can be reached. NATCA supports this objective and we have worked to ensure this new service can be provided remotely by controllers at Fairbanks approach control.

On December 31, 2000, Yute Air Flight 103 contacted Anchorage Center requested and received the first ever ADS–B vector for the ILS 18 approach at Bethel. Since that demonstration flight almost 5 years ago, Alaskan air traffic controllers have been waiting for the FAA to provide the necessary equipment and staffing so we can provide this enhanced service.

In September 2002, the FAA Alaskan Region completed a study recommending a dedicated approach control service for Bethel be established using ADS–B technology and that the service be provided by Fairbanks approach control. NATCA supports this decision.

In May 2003, the FAA Alaskan Region finally gave NATCA a notice to bargain over the numerous issues involved with Bethel approach services being remote to Fairbanks. With the establishment of a new service a number of major items must be addressed including control room equipment, staffing, training, procedures and in this case the needed approval of the use of Terminal rules (3 nm spacing between aircraft) versus en route rule (5 nm spacing between aircraft), plus software functionality enhancements (I.E. 4096 adjustable codes).

NATCA and the FAA Alaskan Region spent a considerable amount of time and effort and made major progress addressing these issues. Then, in April 2004 with the Air Traffic Organization's (ATO) implementation, I received a letter from the FAA withdrawing themselves from negotiations and consequentially ending produc-

tive work on the Bethel Approach Control project. NATCA remains perplexed by the agency's action.

NATCA believes that the FAA should concentrate its Capstone Program resources on completing the air traffic control concepts contained in Phase I (approach control services for Bethel) before moving to Phase II (approach control services for Juneau). Under the FAA's scattered approach to implementation, only 5 of the 10 ADS–B ground based transceivers in the Bethel area are being used for air traffic control purposes today.

Rather than working with NATCA in an open and constructive environment to quickly address the issues inherent in providing new air traffic control services, the FAA has been increasingly evasive, secretive and appears to lack the clear direction to quickly complete Capstone Phase I and Phase II. There are numerous failed past examples of air traffic control tools and equipment that the agency has tried to field without controller input. Case in point is the Advanced Automation System of the 1990s which resulted in an overly complex, unusable system costing the taxpayers over $1 billon.

NATCA recognizes the significant potential of ADS–B technology as a successful air traffic control tool. However, in its current state, the Capstone program lacks the proper oversight and direction needed to be successful as a fully integrated air traffic control tool. NATCA is prepared and willing to work with the Agency in completing Capstone Phase I and II. Respectfully, I ask that the Committee direct the FAA to fully engage NATCA in the critical discussions that must take place. By working together to address the many issues at hand, we can move rapidly to provide the Bethel and Juneau air traffic control system users and the flying public the needed services in an efficient and timely manner.

Capstone Phase III/Decommissioning of Alaskan Navaids

The Capstone office hired MITRE Corporation to create a plan for the divestment of Ground Based Navigational Aids (GBNA) in Alaska. The report states that "preliminary results indicate that 83 of 118 legacy GBNAs (the term for current Navaids) can be divested under this strategy (approximately 70 percent)." It acknowledges that this proposed strategy is different from the current FAA strategy in the lower 48 in that, "it implies full Wide Area Augmentation System (WAAS) equipage for aircraft based in the state (Alaska) and that it does not retain a coverage-based backup structure based on GBNAs". In addition, the report did not consider military operations.

To my knowledge, this plan was developed without the input of FAA air traffic, the system users, and the air traffic controllers in Alaska. MITRE has also informed Anchorage Center that they have been commissioned by Capstone to study shutting down Alaska's long range radars beginning with two sites on the west coast.

NATCA asks that any study of such magnitude and impact on Alaskan aviation be discussed in an open and public forum. That discussion should at a minimum include the commercial operators, general aviation, military users, the public at large and the air traffic controllers who daily operate the system.

COLA vs. Locality Pay for Air Traffic Controllers

The retirement benefits of civilian federal employees stationed in Alaska, Hawaii, Guam, Puerto Rico and other non-foreign duty locations outside the contiguous 48 states are lower than their counterparts in the continental United States. As a result, Alaska continues to lose experienced air traffic controllers who transfer out of state in order to qualify for the higher retirement benefits. Accordingly, NATCA support a transition from cost-of-living allowances (COLAs) to locality pay.

The U.S. Government pays COLAs to white-collar civilian Federal employees in Alaska, Hawaii, Guam and the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. On August 17, 2000, the United States District Court of the Virgin Islands approved the settlement of *Caraballo et al.* v. *United States*, Civil No. 197/27 (D.V.I.). *Caraballo* was a class-action lawsuit in which the plaintiffs contested the methodology Office of Personnel Management (OPM) used to determine COLA rates. The settlement resulted in revised procedures to survey prices, set a base COLA rate for each site, and created a less volatile process to revise COLA rates.

OPM surveys the prices of over 200 items, including goods and services, housing, transportation, and miscellaneous expenses in each of the three primary allowance areas (Alaska, the Pacific Islands, and the Caribbean) once every three years and in the Washington, DC, area each year. The current COLA rate for Alaska is 25 percent. The Alaskan survey will result in a COLA reduction of one percent per year for federal employees in Anchorage, Fairbanks and Juneau starting in January 2006. The reductions will continue until the new lower target rates of Anchorage

13 percent, Fairbanks 16 percent, and Juneau 19 percent are reached. The next OPM survey of Alaska is scheduled for early 2006.

The significant gap in retirement benefits is a result in the difference between COLA and locality pay. COLA is authorized by section 5941 of Title 5, United States Code and Executive Order 10000 (as amended). COLA is based on the difference between the cost of goods and services in the DC metro area vs. the cost of a similar package of goods and services in each respective COLA area. COLA is exempt from federal income tax and does not count toward for federal retirement benefits.

The provision for locality pay is set in the Federal Employees Pay Comparability Act of 1990 (FEPCA) and does not apply outside CONUS. Locality pay is a measure of the cost of labor in a geographic area. Locality pay is not exempt from federal income tax and is included in determining federal retirement benefits.

Look at two air traffic controllers under the Civil Service Retirement System (CSRS)—one working at Anchorage Center and one working at Seattle Center—with the same base salary ($90,000/yr.) and the same pay grade (ATC–10). Upon retirement the Seattle controller will receive at least $619 per month more in retirement than the Anchorage controller. This is because the Seattle controller qualifies for 16.53 percent locality pay which is added into his retirement while the Anchorage controller receives COLA.

Today, the "rest of U.S." locality rate is 11.72 percent and the nation's top locality rate (San Francisco) at 26.39 percent. As locality rates continue to progressively grow so will the disparity in retirement benefits between the two systems. Historically, COLA has remained flat but beginning in January 2006, COLA rate reductions will become a reality. The resulting inequity causes actual and potential staffing problems in non-foreign areas, especially for employees nearing retirement.

OPM has stated that they believe the COLA program should be phased out in favor of a more market-oriented approach to pay. The FAA enacted locality pay through FAA Order 3550.15 in March 1993. The Order states that, "The provisions are expected to aid work force stability and improve efforts in attracting the skilled and diverse workers needed to sustain the tradition of FAA achievement." NATCA requests your support in implementing a transition from COLA to locality pay—a transition that is fair to FAA employees and helps serve the government as a retention and recruiting tool for Alaska, the Pacific islands, and the Caribbean.

Thank you for this opportunity to testify on Alaskan aviation issues. On behalf of NATCA and the Alaskan air traffic controllers, we look forward to working with you and your staffing to ensure that our air traffic control system remains the safest and most efficient in the world. I am happy to answer questions that you may have.

The CHAIRMAN. Thank you very much.

Ms. Casanovas.

STATEMENT OF KAREN E. CASANOVAS, EXECUTIVE DIRECTOR, ALASKA AIR CARRIERS ASSOCIATION

Ms. CASANOVAS. Good morning, Chairman Stevens. I'm Karen Casanovas, the Executive Director for the Alaska Air Carriers Association. And we are here, again, to educate everyone and advocate for aviation. And we take this as an honor to speak before you today concerning crucial aviation issues, and also, since we know Alaska aviation travel is the way of how we travel, we'll address the issues and challenges facing commercial air carriers in our state.

As a pilot yourself, Mr. Chairman, you know that—and understand that there's a wide variety of services provided by airlines and transportation companies around this state. We have the single pilot operator to the turbo prop, to the rotorcraft, even to the float plane operator. And since there is a wide and diverse group of carriers performing services around the state who are fulfilling essential roles in Alaska's transportation infrastructure, many are already strapped by rising fuel costs for security demands.

Prior to my current management position, I served in several capacities for many different air carriers around the state over the last 30 years, and I, too, can attest to those varieties in the unique

aviation companies which are conducted under the Federal Aviation Regulations Parts 121 and 135.

Key issues certainly are utilization, maintainability, and scheduling. And one of the issues we have found recently and a challenge is on occasion FAA's inability to have manuals reviewed, equipment improved, or maintenance checks.

Operating conditions continue to be frustrating for airline operators, and something must be done to stop the downward spiral in service to the industry. Solutions might include an evaluation of pending manual approvals for aircraft certifications and a creation of a process that would utilize timelines for reviewing, with quantifiable goals to meet those projects and complete them.

In some locations perhaps financial backing would be needed to staff additional positions. In Alaska we've been very fortunate under the leadership of FAA's Regional Administrator Pat Poe, and also Flight Standards Manager John Duncan. They have been working with us and have been trying to come up with solutions to meet the air carriers' needs.

Next, however, since about 70 percent, certainly, of our communities are not connected to the outside world, or even to each other, our concerns are with proposed changes to 49 CFR Part 175 which we feel are not practical and certainly restrict the fundamental nature of routine travel transportation in Alaska.

The restriction to only one lighter to destinations where survival mandates reliable fire-starting equipment certainly is not enough for passengers traveling for hunting, fishing or any wilderness activities, or anybody conducting surveying or construction work. Carrying of more than one lighter on one's person certainly can be accomplished with the same level of safety when a passenger is limited to just one lighter.

Also, many rural Alaskans rely on subsistence hunting as part of their lifestyle, and restricting them to 11 pounds of ammunition when traveling to remote locations and when there are no other options to purchase additional ammunition is not practical. This existing exemption has demonstrated a need in air transportation for Alaskans and we haven't seen any adverse history or safety concerns previously.

To further address one more item under the proposal described, transportation to locations where there's no phone service is also a concern to us. Requiring air carrier operators to employ staff to monitor telephones where there is no practical solution or reason for that, we would also suggest language exempting this requirement for small aircraft within the State of Alaska.

Moreover, an obligation to remain in constant communication between noncertificated airports and the pilot in command is not achievable, and this rule will likely be violated simply because commercial carriers will not have the means to comply.

Next on the topic of the proposed National Air Tour Safety Standards, our association believes the objective to reduce accidents in the sight-seeing industry will affect scheduled operators who conduct air tours as part of their business.

The changes will trickle down to other tourism-related commerce, as well as impact employees of those companies as they reduce their service or go out of business.

An estimated three quarters of our membership would see a fall-out of between $15 and $18 million over a 10-year period. Air tours provide higher yields for certificate holders which subsidize the flat, less profitable margins of Essential Air Service. Certainly, businesses around the state, even those that have been in business for 22 years, under this proposed rule, there would be no guarantee that they would still remain in business.

Since tourism is the second largest private-sector employer in the state, our proposal would be to continue to employ safety programs such as the Capstone and Medallion program. And results in improved safety lie projects such as this, and also the implementation of the analysis of the Wide Area Augmentation System, WASS, to achieve weather reporting and also training for navigational aids, rather than more regulatory constraints. We feel that that would be a better solution.

We would recommend that this NPRM be withdrawn, and funding continue for both Capstone as well as the Medallion programs.

Mr. Chairman, the Alaska Air Carriers Association appreciates your co-sponsorship with Senator Inouye of Senate Bill 84, which would exempt certain sight-seeing flights from taxes on air transportation.

We also appreciate your continued support for the Medallion Foundation and—truly a program that is changing the culture of aviation across the state.

In order to continue to improve aviation safety, however, we feel we need additional moneys directed toward weather access and global positioning systems, and those specific projects outlined in the Alaska Aviation Coordination Council's Strategic Plan. Regarding weather accesses, Mr. Harding mentioned previously, it would be certainly a shame to have a situation in rural Alaska where an 8-year-old girl, for instance, would be the victim of a domestic violence and maybe a gunshot wound and she's out in a remote location, and because pilots don't have access to that weather, they're not able to provide medical need for her in a timely manner.

Only through trust and collaboration with our partners in the government for the future will we be able to create a valuable, safer environment for passengers here in the State of Alaska.

Thank you very much for the opportunity to comment today. Do not hesitate to call on the Alaska Air Carriers Association as a resource for future aviation issues.

[The prepared statement of Ms. Casanovas follows:]

PREPARED STATEMENT OF KAREN E. CASANOVAS, EXECUTIVE DIRECTOR, ALASKA AIR CARRIERS ASSOCIATION

Good morning Chairman Stevens and Members of the Committee. My name is Karen Casanovas and I am the Executive Director for the Alaska Air Carriers Association. It is an honor to speak before you today concerning crucial issues facing aviation commerce. Since air travel is a way of life for Alaskans, I'll address the issues and challenges facing commercial air carriers in our state.

Our organization's mission is to provide educational training, advocate for the interests of aviation in the public process, and act as a facilitator of aviation-related information. Additionally, we provide resources for insurance, security, safety, airspace, or weather reporting issues and act as a conduit between government and industry leaders. Our Association (AACA) was founded in 1966 and represents over 160 commercial air carriers and businesses throughout the nation.

As a pilot yourself, Senator Stevens, you are aware of the wide variety of services provided by the aviation industry in our state. With a current grim economic situation for several of our members, the Alaska Air Carriers Association membership firmly believes that the Federal Government officials in high level decision-making positions should support aviation businesses not hinder them. Air carriers performing services around the state are fulfilling essential roles in Alaska's transportation infrastructure and are already strapped by rising fuel costs and security demands.

Prior to my current management position, I served in various capacities for Alaskan air carriers, having spent over 30 years in this industry, and can attest to the existing widely diverse types of operations in Alaska. There are many different and unique aviation companies that are conducted under parts 121 and 135 of the Federal Aviation Regulations (FARs). They are single engine airplanes to turbo prop equipped aircraft or rotorcraft and float plane operators. Some current proposals, however, would ignore these differences in operating requirements.

Key issues for air carriers are throughput, resource utilization, reliability, availability, maintainability and scheduling. Without government staff to check-off mandated federal requirements, an air carrier is not able to utilize their aircraft. This in turn causes lack of reliability to meet customer needs, and therefore affects their bottom line by not being able to maintain the demand for their services.

One challenge facing the industry today is the FAA's unavailability for manual reviews, equipment approvals or maintenance checks. Operating conditions continue to be frustrating for airline operators and something must be done to stop the downward spiral in service to the industry. Solutions include an evaluation of pending manual approvals or aircraft certifications, and the creation of a process that utilizes timelines for review with quantifiable goals for completing these projects. In some locations, financial backing is needed to staff additional positions.

Next, since 70 percent of our communities are not connected to the outside world or even each other, our concerns are with certain proposed changes to 49 CFR Part 175, which are not practical and accrue from the fundamental nature of routine air transportation in Alaska.

The restriction of only one lighter to remote destinations where survival mandates reliable fire-starting equipment is not enough for passengers traveling for hunting, fishing, wilderness recreation, surveying or construction work. Carrying of more than one lighter on one's person can be accomplished with the same level of safety provided when a passenger is limited to only one lighter.

Many rural Alaskans rely on subsistence hunting as part of their lifestyle and restricting them to 11 pounds of ammunition when traveling to remote locations and where there are no regular options for purchasing small arms ammunition is not practical. The existing exception has a demonstrated need in Alaskan air transportation with no adverse safety concerns or history.

To further address the Research and Special Programs Administration (RSPA) 02–11654, previously described, transportation to locations where there is no phone service it is not realistic to require all air carriers to have personnel monitoring telephones. Requiring these operators to employ staff to monitor phones is not practical and we suggest language exempting this requirement for small aircraft operated with the State of Alaska. Moreover, an obligation to remain in constant communication between a non-certificated airport and the Pilot-in-Command is not achievable and this rule will likely be violated simply because commercial operators will not have the means to comply.

On the topic of the proposed National Air Tour Safety Standards, (FAA–1998–4521) our association believes the objective to reduce accidents in the sight-seeing industry will affect scheduled operators who conduct air tours as part of their business. These changes will trickle-down to other tourism related commerce, as well as impact employees of these companies as they reduce service or go out of business. An estimated three quarters of our membership would see a fall out of between 15–18 million dollars over a ten-year period. Air tours provide higher yields for certificate holders, which subsidize the flat, less profitable margins of essential air service.

Since tourism is the second largest private sector employer in the state, our proposal would be to continue to increase safety through programs such as Capstone and the Medallion Foundation. Results in improved safety lie in projects such as further analysis of the Wide Area Augmentation System (WAAS) to achieve weather reporting and training in use of navigational aids, rather than more regulatory constraints. We recommend that this Notice of Proposed Rulemaking (NPRM) be withdrawn and that funding continue for both the Medallion and Capstone programs.

Senator Stevens, the Alaska Air Carriers Association appreciates your co-sponsorship with Senator Inouye of Senate Bill 84, which would exempt certain sightseeing flights from taxes on air transportation. We also appreciate your continued support

of the Medallion Foundation, a program that is changing the culture of aviation in Alaska. In order to continue to improve aviation safety, however, we need monies directed toward weather access and Global Positioning Systems (GPS) and those specific projects outlined in the Alaska Aviation Coordination Council's strategic plan.

Thank you for the opportunity to comment today and do not hesitate to call on the AACA as a resource for aviation issues in the future.

The CHAIRMAN. That's a very fine list of items that you've covered.

I'm sorry that my Co-Chairman, Senator Inouye is not with us. He had a personal problem that prevented him in coming to Alaska at this time.

What would you say the No. 1 priority of the association is on this list of objectives?

Ms. CASANOVAS. Providing infrastructure for transportation throughout the state. Currently, we have about roughly 67 airports that are GPS-equipped, and if we could have the additional approximately 219 airports which are awaiting the GPS procedure development, I think that would certainly be a case where we could have some assistance. One hundred million over 4 years could certainly provide the state and transition us from what we see as inadequate navigational aids right now to providing full coverage and, again, through the Capstone program, we can then have the ADSB and the other portions of that which are so valuable to the carriers around the state.

The CHAIRMAN. Mr. Plumb, you too had a nice long list of suggestions and items to cover. What's your No. 1 priority?

Mr. PLUMB. Mr. Chairman, I would say to insure we have our funding for our cargo entitlements would be No. 1, and reinstatement of the ATP program would be No. 2.

The CHAIRMAN. Are we ready for this enormous plane that's coming here? This—what is it? 380?

Mr. PLUMB. Yes, sir. We've been preparing for 5 years. And thanks to your support and an LOI letter of intent for $51.2 million, we have—we have a plan for Group 6 routing or the A380's, more commonly known. It will be coming down the—what is now today or tomorrow will be runway 7; yesterday or a week ago it was 6. But 7 Right will be a Group 6 capable. We will have the capability to come up a Kilo taxiway to Romeo, up Romeo that serves UPS and Federal Express, and the new taxiway Yankee will also have. So we will have a complete circuit and a runway for Group 6 aircraft.

The CHAIRMAN. You've really been very complimentary of the Capstone and Medallion. We're going to deal with Medallion again this afternoon. But are there any things that you think we can do in Washington to assist in the concept—and I'm talking to Harding right now—the concepts of either Capstone or Medallion to carry them further?

Mr. HARDING. We certainly appreciate all the support that you've given us. We have a request for further funding on the Medallion; and, of course, that is always helpful.

We've talked to Mr. Sabatini about taking some of the concepts that we're using in the Medallion and using them in other programs, and we cannot do that with the funding that we get for Alaska. However, that funding is for what we're doing in Alaska.

But any of the programs that we develop we're certainly willing to share with anyone else that you suggest.

The CHAIRMAN. OK.

Mr. HARDING. And we really appreciate your continued support.

The CHAIRMAN. Thank you. We'll be back looking at that.

And talk about Medallion, Mr. Dennis. Have you visited other states? Are we going to see an expansion of Medallion in other states as we have—we anticipate Capstone will go forward in other states?

Mr. DENNIS. Senator, we've talked about that with several other individuals, including Mr. Sabatini and Administrator Blakey.

We're looking more in relation to using the Medallion concept as a template and doing it as a regional basis, because it is a partnership. It is something that needs to be done in concert with the FAA because the programs do impact the FAA. And we need their support, as well as the local support, for the development of a program that is applicable to a local area.

Florida is certainly not like Alaska. Texas, Southern California, each one has unique problems. But the process, the concepts and the templates, they are transferred.

The CHAIRMAN. The concept really is this voluntary participation by the industry in areas and entities involved in the industry, getting together to try and find out if they could have a different approach to safety and work it out with the FAA so that you could experiment on concepts that would reduce accidents and injuries, sufficiency in compliance with the FAA. Isn't that the concept?

Mr. DENNIS. That is, in essence, what we're discussing, sir, yes. But it's a voluntary program. It's above the regulatory requirements. It must meet the regulatory requirements, obviously, but it is over and above the regulatory requirements and it takes it a step above. Even from the—apart from the one RGA fire program. That also is a voluntary program which has its roots within the five-star program that initially was developed.

The CHAIRMAN. How much time has it taken for the individual industry participants to really work out the Medallion? What's been the workflow of the voluntary commitment of time?

Mr. DENNIS. That would depend, sir, entirely upon the operator. And recognizing that we have carriers, we have 66 different carriers within the program right now, and they range in complexity from Alaska Airlines and PenAir, Frontier Flying and a number of larger carriers, down to single-pilot operations. Single-pilot operation, quite obviously, it's more onerous on them because of their particular workload in just running their business. So we're modifying, that's why I mentioned that this is developed and we have this one-on-one concept where we do go out and work with the operator and try to take the burden off of them, we've tried to meet the requirements that have been set forth by us in our Memorandum of Agreement with the FAA.

The CHAIRMAN. Mr. Thompson, I think as Chairman of Commerce I'm spending more time now on the question of the future airways for the United States, airways management, than I ever dreamt I would. We're coming into a new era with regard to spacing, with regard to the type of equipment we're using and to the whole system of integration almost on an automatic basis.

When we look at this—I don't know how to say this without sounding a little negative, but I was initially approached by your organization to oppose Capstone all together. Now your testimony is that you're prepared to accept it, but you want to be more involved from a controller activity to sort of regulated. Am I misunderstanding?

Mr. THOMPSON. I don't think that—yeah, I don't think you're directly getting me on that point. I can't say what the Capstone initially started, what the policy was. I'm not aware of—I've been a regional vice president for NATCA up here for almost 8 years. And we've always supported the concept—again, when we look at it from an APC perspective there's two pieces of Capstone: There's the VFR aspect, which the people—gentleman in here have all testified. It works fabulous from my understanding of it. It's an incredible tool, video map and such.

Then there's the air traffic control aspect. Since we're talking about moving IFR airplanes and separating them with the same use of radar, which we are, it's a fabulous tool. But it has to work seamlessly with the radar, and controllers have to be able to have the communication systems in place. In Bethel that's not a problem because the terrain is flat, we can speak to the pilots. As you go to Southeast in Juneau, some of these low-altitude routes that some of the people have testified here today, I'm aware are in place. But if they fly IFR at 2,000 feet down the fjords of Southeast, today there's no communication system for the air traffic controller to speak to them if there's an issue or if they're needed to—missed approach or such. I understand there's methods to get there, and we want to get there. NATCA absolutely does.

I firmly believe 100 percent that providing approach control services to Bethel will be fabulous to the users and the public. Once we can sequence the special VFR with the IFR—Juneau same thing, once we can see to the ground with Capstone technology, and along with multilateration, I think it's going to be a fabulous tool. What we're really asking for is that the agency engage with us in those discussions.

The CHAIRMAN. With the advent of the new small jet, business jet, personal jet, we're all familiar with them, they're going to be—I call them the mosquito fleet is coming in. Small, six to nine passengers, a jet, probably faster than before, very efficient. Made of composite materials. Lighter weight. And fast—not only faster, but really smaller so it's going to be a very interesting challenge. I think we have to work together to make sure that that system we can transition into a new system without delays, because, very clearly, 10 years from now, the estimate is there will be twice as many aircraft in the airway system.

I look forward to working with you. I think we all have to work together.

I'm reminded a friend of mine told me of a Pacific northern pilot that flew into Juneau for year after year after year. And one day he flew in and it was clear and quit.

[Laughter.]

The CHAIRMAN. Seeing is believing. That Capstone system on a flight into Juneau, I've also flown in with that. It makes one tremendous difference. I hope we can incorporate all of these new ad-

vances into our system in Alaska. I look forward to working with all of you. We'll review all the comments you've made.

These hearings—we'd hoped we would have more Senators here, but the 4th of July is still a problem getting other Senators to come. But a copy of this record will be provided to every Member of our Committee and to those committees that have any intersection with the problems we've discussed. For instance, the Finance Committee and others.

And I look forward to working with you as we go through the year in terms of the legislation before our Committee that will affect us all.

Thank you very much.

[Whereupon, at 11:10 a.m., the Committee adjourned.]

A P P E N D I X

PREPARED STATEMENT OF PHIL BROWN, DIRECTOR, ALASKA REGION, NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS (NAATS)

Mr. Chairman and Members of the Committee, thank you for the opportunity to review with you today the National Association of Air Traffic Specialists (NAATS) assessment of future challenges facing the Alaska aviation community. Much of our work over the last several years has continued to focus on maintaining equal or better service for Alaska's flying public. The crucial services provided by Flight Service Station (FSS) personnel are essential to aviation in Alaska. Likewise, air traffic control and all of its associated functions in the FSS are government responsibilities—especially in Alaska where aviation is often the only lifeline for our communities. I will focus my remarks today on these subjects.

The unique environment of Alaska means that our aviation community warrants increased attention. National aviation guidelines and evaluation formulas need to be continually adjusted to work in our great State so that Alaska aviation does not suffer under a one-size fits all policy. Mr. Chairman, when tough issues arise in the Senate, your well-known motto has always been, "Do what's best for Alaska." There is no doubt that much of the cutting edge technology that you are being briefed on today will serve Alaska aviation well in the near and distant future. Having said that, one must not lose sight of the basic foundation this wonderful technology is being built upon. Clearly, there is nothing that replaces the Flight Service Station person on the ground providing often life-saving assistance to Alaska's bush pilots, air carriers, military pilots and recreation flyers. Mr. Chairman, well-trained, experienced human capital is the mortar holding this foundation together and maintaining this professional federal workforce is without a doubt, "what is best for Alaska."

Mr. Chairman, the dedicated men and women who make up the federal FSS workforce are the integral key to saving lives and maintaining the safest Alaska aviation infrastructure possible. The Flight Service Station employees are often referred to as the "other controllers." Air traffic control conjures up images of dimly lit rooms, lined with rows of dark screens, displaying a myriad of blips and lines. Each scope monitored by passionate individuals devoted to keeping apart an endless stream of traffic, issuing precise instructions, carefully formulated to protect the thousands of lives represented by the targets flowing in every direction. This is the image most people have of the dedicated individuals who monitor the skies for potential conflict. No less dedicated, yet almost unknown outside the aviation community, are the "other controllers." Those air traffic control specialists devoted to helping pilots avoid the innumerable weather phenomena that are just as hazardous to aviation safety as other traffic. These, Mr. Chairman, are the individuals who work in the Flight Service Stations (FSS) across the nation; this workforce is the mortar that bonds the foundation of the safest aviation infrastructure in the world. Weather is a factor in an overwhelming majority of aviation accidents. Even with advances in technology, rapidly changing weather patterns still present a significant danger to flight safety. Flight Service Station professionals, working in highly technical environments, scan a kaleidoscope of weather charts and constantly updating weather data assisting pilots, both before and during flight to avoid potential dangers. Nowhere else in the nation are these potential weather dangers more prevalent than in Alaska where pilots navigate airspace one-fifth the size of the entire United States and half of the country's coastline.

A major challenge facing the Alaska aviation community is maintaining this invaluable human capital in the Federal Flight Service Stations throughout our last frontier. While the Federal Aviation Administration (FAA) continues to struggle with reorganization and restructure in the new Air Traffic Organization (ATO), the privatization/outsourcing juggernaut commonly known as "A–76" continues to move forward. Mr. Chairman, this ill-advised and misguided "A–76" initiative places aviation safety in the hands of a "lowest bidder." We believe this presents a clear and present danger to aviation safety in Alaska. While federal FSS air traffic control specialists in Alaska are currently exempt from this privatization/outsourcing initia-

tive, there is no reasonable expectation or mandate preventing FAA officials from expanding their privatization efforts into our great state.

Currently, the entire FSS community outside Alaska is in immediate danger of losing their Federal Government careers. Many of these dedicated men and women started their careers in the military and have spent a lifetime serving their country in the federal service. Now, many are in danger of losing their health and retirement benefits only months and in some cases days away from reaching their retirement goals. Mr. Chairman, it is simply wrong to toss aside employees and their families in this fashion. I respectfully encourage you, Mr. Chairman, to take a close, in-depth look at this entire outsourcing/privatization effort of America's FAA Flight Service Stations. We are certain that the inaccurate cost-savings figures being touted by FAA representatives, the empty promises of "soft landings" for federal employees and the outright raiding of government employee pensions will shock and dismay you.

Mr. Chairman, a number of years ago when the FAA was closing down and consolidating Flight Service Stations throughout Alaska the flying public rose up in opposition. Hearing this public outcry, Mr. Chairman, you asked a question that still echoes through the halls of the FAA today, "What don't you understand about equal or better service?" Your wise and insightful actions then laid the foundation for keeping our remote Flight Service Stations in Alaska open and lead to the develop of an Alaska Rotation Plan that addressed difficult staffing issues. Unfortunately, the Alaska Rotation Plan and our Alaska remote Flight Service Stations are under attack by FAA management once again. Absent any plausible rationale or cost-savings projections that have been shared with us, FAA management is systematically dismantling the Alaska Rotation Plan. Moreover, even as we speak today, plans are being executed to place kiosk stations at remote Alaska locations that will eventually replace the remote FSS. Mr. Chairman, this "kiosk concept" of self-serve air traffic control is the same plan that prompted your now infamous statement over 12 years ago . . ."What don't you understand about equal or better service." What's more disturbing Mr. Chairman is that it appears to be some of the same individuals revisiting this concept now that were involved then. History, truly does repeat itself and we respectfully request that you follow this matter closely. Replacing the experienced Flight Service Station professionals on the ground at remote locations with self-serve kiosks simply does not equate to "equal or better service."

In conclusion, I thank you today Mr. Chairman and Members of the Committee for your time and for holding these hearings. Clearly, we have major challenges facing the Alaska aviation community. While finding a balance between cost-effectiveness, equal or better service and aviation safety is a daunting task; it is a task that we can and must achieve together. The National Association of Air Traffic Specialists sees this as an important and dynamic time in Alaska aviation history and we stand ready, willing and able to work in collaboration with the FAA and the aviation community toward achieving these goals.