

# Aviation in Alaska

## Ups and Downs of Airline Industry in Alaska Expected to Continue

(Editor's Note: The following article is a reprint of the cover story in the January issue of Alaska Industry Magazine, the monthly business/industrial magazine published in Anchorage.)

Aviation in Alaska — on practically every level — has had its ups and downs during the past year and there's no guarantee things will change in 1971. Although there are some bold new plans in the making and some major developments are afoot in progress, too many unsettled questions make it impossible to forecast accurately the trend of Alaska's most important transportation media during the next year.

On the bright side, there are a number of construction programs under way which should contribute markedly to the efficiency and safety of the state's aviation industry when they are completed. Many will be completed next summer. Two airline passenger facilities is good and getting better and general cargo operations have been steady with a trend toward an increase.

**BUT FOR ALASKA**, at least at present, the activity of the oil companies will dictate the pace of business for the large share of aviation-related businesses operating north of the Panhandle.

Even small operators believe the proposed pipeline from Prudhoe Bay to Valdez is the main cog in the wheel of true success. In the case of some of the large operators, start of construction on the pipeline could mean the difference between solvency and bankruptcy.

Trunk airlines flying into Alaska and intercontinental flights with intermediate stops in the 49th State have continued their slow but steady increase. The introduction of the Boeing 747 Jumbo Jet was made at Anchorage International Airport during the past year and except for a brief halt in 747 operations in November, Pan American Airways has kept a daily schedule of Jumbos flying through Anchorage. At present, Pan Am is the only airline bringing the 747 into Alaska and other potential Jumbo Jet candidates indicate it will be at least 1972 before they introduce bigger aircraft.

**THE AVIATION** picture has been a varied one with numerous contrasts. Intrastate freight hauling, which generally picks up in the winter as far as petroleum support activity is concerned, appeared to be on the upturn in mid-December, after a rather dismal summer.

The summer was so slow, in fact, that two of the major cargo carriers in the state which had geared themselves specifically to handle the needs of the oil industry, were forced into reorganization under Chapter 10 of the Federal bankruptcy laws. The two airlines — Red Dodge Aviation of Anchorage and Interior Airways of Fairbanks — had both made huge investments in specialized aircraft (Lockheed Hercules) and were engaged in a booming business with no end in sight just prior to the September, 1969, oil lease sale which brought the state some \$900 million in bonus money. Within six months, Red Dodge and Interior were both slipping badly into debt and work had fallen off so sharply that crews, mechanics and other supporting personnel had to be laid off.

**NOW, IT APPEARS** both companies have gone a long way toward regaining their footing. Red Dodge could be in the black as early as late February or early March and Interior is looking at an April target date for balancing its books.

Chuck Murphy, traffic manager for Interior, said things were "working out real fine — even better than anyone expected.

"Let's face it," said Murphy, "it isn't as good as we'd like it because things are pretty slow right now. A lot of things hinge on the pipeline."

**MURPHY SAID** Interior is still operating four Hercules (two out of Fairbanks, one out of Edmonston, Alaska) and the other leased to Alaska Airlines); two out of five C-46s; two DC-3s; three C-119s; two Turbo Beavers; two Cessna 180s.

The Hercules, according to Murphy, are getting a fair share of the work available now for this type of aircraft. One recent contract was signed with the University of Alaska for the ferrying of some 200,000 pounds of supplies to Ice Island — a tiny research site some 1,000 miles from Point Barrow in the Arctic Ocean. He said the Hercules were landing on the ice near the research site and taking on some 40,000 pounds of cargo on each trip.

Interior also received another contract to haul helicopters in its Hercules to New Guinea.

**MURPHY CONCEDED** that at present the airline has had to shelve its plans to purchase any jet equipment. At one point the company had planned to buy two DC-10s and 125 executive jets and a Boeing 727.

George Patterson, an executive in the Red Dodge operation, said in mid-December that business had picked up considerably in the past month and the trend looked encouraging. He said Red Dodge had signed a year's contract with Humble Oil for charter work and had renewed its contract with BP Alaska, Inc. He said the company had just hired 12 more people, including a crew, and that more would be hired in January when a third Hercules would be

put back into service. The plane is at the Lockheed factory having a wing rebuilt and has not been brought back to Alaska, according to Patterson, because there has not been a demand for it. He said some five flights per week have been flown by Red Dodge between Anchorage and the North Slope.

Patterson said his company has leased the new Trans Arctic Airlines hangar at Fairbanks International Airport so that there would be a place to keep aircraft out of the weather during the winter. Trans Arctic, which led a brief and troubled life, folded last summer when its temporary certification by the Alaska Transportation Commission expired and a request for permanent operating authority was denied.

**PATTERSON SAID** the Red Dodge Hercules were busy for a brief period this summer when a record-setting "fish lift" was conducted between Bristol Bay and Anchorage. He said some five million salmon were airlifted to the Whitney-Fidalgo processing plant in Anchorage and he said a similar program is planned for next summer's salmon run.

Outside of the oil industry, work for the big airfreighters has been slow, according to Patterson. He said his planes have done some work for the State and there has been some construction related airlifting, but he admitted the pipeline permit holds the key to the fate of intrastate air cargo activity in the forthcoming year.

Generally speaking, both Western Airlines and Wien Consolidated have experienced exceptionally good years. Latest figures available for Wien showed October's net gains to be \$64,058. This compares with a loss in October of \$51,525. Western attributed some of its gains to the Northwest Orient Airlines strike which has pushed much of the Seattle-Alaska business to Western Airlines and Alaska Airlines — the two other carriers making scheduled flights between Anchorage and Seattle.

**ALTHOUGH ALASKA** Airlines reported a 19 per cent gain in scheduled operations during the first nine months of 1970 as compared with the first three quarters of 1969, a 23 per cent decline in charter revenue over the same period left the airline about \$1 million short of the 1969 figure in overall operating revenue. The 1970 figure was set at \$30,255,885 through September.

Reports from Anchorage International Airport showed 1970 to be a record-setting year, but a conservative increase in activity is also projected for 1971. George LaRose, manager of Anchorage International, said figures for fiscal 1970 showed revenue was up 23.2 per cent over 1969 and 68.8 per cent over the base year of 1960. He said revenue for fiscal '70 — derived from all of the airport operations such as fuel tax, landing fees, rentals, etc. — was just about \$6 million.

# Business

The Daily News, Anchorage, Alaska, Sunday, December 27, 1970—5

In projecting a figure for 1971, LaRose said there are a number of unsettled factors which could have a bearing on the actual revenue total. One, he said, was the Northwest strike. The strike started in July (at the beginning of fiscal 1971) and Northwest is among the top three contributors to the Anchorage International pocketbook. The strike was settled, Sunday December 20th. LaRose said his office has estimated a gain of 7.5 per cent which was half a percentage point below the first estimate made six months ago.

**FUEL TAX** (the airport gets two cents on every gallon of fuel sold) and landing fees accounted for most of the revenue, said LaRose. He pointed out that the Pan American 747's take on as much as 26,000 gallons of fuel at a time. "Multiply that times two cents and you'll see that this is not small business," said LaRose. He said the total number of through passengers rose nearly 25 per cent over 1969, but attributed much of the increase to the planeloads of people who went to and from Expo '70 — the World's Fair in Tokyo.

A new, 10,900-foot runway, equipped with the most modern lighting system in the world, was opened at Anchorage International in September and a new terminal wing was opened during the summer. LaRose said the entire facility is worth more than \$100 million.

Opening of the new runway and completion of the new terminal wing were the two major projects undertaken in the past year, but several others are either in progress or in the planning stage. For one, a contract is out for expansion of the north parking apron at Anchorage International by some 800,000 square feet, according to Harry Wakefield, director of the state Division of Aviation. Wakefield said this would provide more area for handling the Boeing 747s.

**IN ADDITION**, the parking lot at the Anchorage terminal (a \$1 million job) will be completed shortly after the construction season reopens in the spring. Wakefield said an \$880,000 maintenance building would be constructed next spring west of Lake Hood to house all the heavy equipment now being used in conjunction with operations at Anchorage International. He said design for the new facility had

already been completed by the engineering firm of Kelly Pittelko Fritz and Forsen and the job would go to bid this winter.

**IN KETCHIKAN**, work is proceeding on schedule in construction of a modern jetport which should be completed in 1973. Bids will be opened Jan. 21 on the second (and most expensive) stage of the work in Ketchikan which will carry construction up to the point of paving and installation of lighting system. Work in the second stage, according to Wakefield, involves a great deal of rock blasting and will take about a year. Cost is estimated at about \$7.4 million of which some \$4.7 million is in federal funds.

Another big project which may be started in 1971 is rebuilding of the runway in Nome. At first it was believed this job would entail simply repaving, but soil and pavement evaluations showed the work to be more complex and Wakefield said the state has applied for federal aid in the \$3 million job.

**IN BETHEL**, a \$1.4 million project to widen and lengthen the runway to accommodate jet traffic is in progress and will be completed next summer. The remainder of the work is under contract to Burgess Construction of Fairbanks.

Fairbanks also has a number of projects in various stages of progress at its International Airport. One half a million dollars in International Airport Revenue Funds was appropriated for seal-coating the main runway at Fairbanks, but Wakefield said a thorough pavement evaluation would be made to be certain no more than a seal coat is necessary. He said the evaluation was under contract.

Also completed in Fairbanks is the appraisal of land in the area of the airport which the state hopes to acquire for airport expansion. Now federal aid is being sought in the \$2.7 million land acquisition project.

**IN THE GENERAL** aviation area at Fairbanks International, the parking apron received its first coat of paving just before the first cold weather this

fall and should be finished in the spring. Construction of roads and a landing strip for general aviation is under contract and will be carried out as soon as weather permits.

Wakefield said four new bush strips were started during the past summer and should be finished early in 1971. These include facilities at Alakanuk, Kipnuk, Chefornak and Chevak. In each case, these are 2,500-foot gravel strips capable of accommodating aircraft in the Twin Otter category. Strips at Rampart and Stevens Village were brought up to Twin Otter standards last summer and an upgrading of the airport at Selawik could be completed in the spring.

Smaller air taxi and contract carriers around the state appeared to be doing steady business with the normal rises and dips in activity. In Anchorage and Fairbanks, where many of the operators have been accustomed to working in the oil industry, business has been disappointing. One Anchorage pilot who didn't care to be identified, summed up the situation briefly.

"Business is pretty bad and doesn't look like it's going to get much better."

And in the bush, particularly in western Alaska, business has been brisk with a bright year ahead.

Dick Gallaher, president of Munz Northern Airlines in Nome, said, "We've sure had a lot of business lately. I'm afraid to count it all up, but it's a lot."

Gallaher said his company was so loaded with work in November and early December that he was forced to lease a British-built "Islander" to handle the extra load. The "Islander," a short-takeoff and landing twin-engine aircraft with a capacity for nine passengers, is a plane which Gallaher said might make a good permanent addition to his fleet. Munz just bought an Aero Grand Commander after Wien subcontracted some of its work in western Alaska to the Nome-based airline.

**"BUSINESS LOOKS** good and healthy," said Gallaher. "We don't have any transient booms out here like the oil boom in the rest of the state. People are just moving more, freight is moving and they're sending more letters."

Munz has regularly scheduled flights as far north as Shishmaref, as far west as St. Lawrence Island (just 40 miles from the Soviet Union), as far south as Bethel and as far east as Granite Mountain and Unalakleet.

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