

Fact Finders End Probe Of City Port

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The questions of discriminations and irregularities in Alaskan trade are still up in the air following the conclusion yesterday of two and a half days of hearings by a three-man investigating team for the Federal Maritime board.

The team was dispatched to Anchorage to look into alleged price discrimination and other irregularities in Alaska waterborne trade and commerce, shipping and terminal practices.

They listened patiently. They questioned and cross-examined. They accumulated statement after statement from Port of Anchorage officials, whose resolution No. 1 started the probe; from Alaska Steamship company heads; from leaders in trucking transportation in the state; and at the end from the Alaska Railroad.

The 17 hours of hearings were informal for the most part, although the committee was empowered to subpoena witnesses. Several written statements and long lists of tariffs were put into the record.

What the repercussions of the hearings will be is anyone's guess. The three investigators can not make conclusions or issue orders. Chairman William A. Stigler spoke for himself and for attorney Frank W. Gormley and Vernon E. Nightengale in dubbing the group "fact-finders only."

"This is not the type of hearing where a ruling is made," Stigler said. "Our position is that we take no position as to whether or not the Federal Maritime Board has jurisdiction over the terminal facilities. We take none, we concede none," he said, referring to jurisdiction.

The railroad, in its "White Letter" statement, said it attended the hearings as a courtesy to the Federal Maritime Board.

The statement, prepared by J. Glen Cassidy, Department of the Interior field solicitor for the Alaska Railroad, and endorsed at the hearings by railroad manager Donald Smith, said "a condition to its appearance . . . is the stipulation by the FMB that this appearance shall not in any way be interpreted to be a jurisdictional concession by the railroad, or a jurisdictional assumption by the board."

Henry Roloff, Port of Anchorage director, said in his concluding arguments that "the Port Commission assumes that the Alaska Railroad is subject to all applicable statutes and requirements of the Maritime Board until, and unless, a superior authority gives a legal determination to the contrary."

In its resolution the Port originally claimed the existence of preferential or exclusive agreements among terminals and between terminals and common carriers without such agreement having been filed with the FMB under the Shipping Act of 1916.

Yesterday, Roloff admitted that (the commission) "may have erred in naming the Alaska Steamship Company and the Puget Sound Alaska Van Lines as apparent recipients of effective subsidizing by the railroad through absorption of terminal charges."

"The railroad contended it is not subject to the Shipping Act of 1916. Among the many questions touched on at the hearing: Edward R. Sanders, managing director of the Alaska Carriers association and former assistant traffic manager for the Alaska Railroad, said that "for many years, the railroad tariffs were not amended to keep pace with longshoring services . . . nor were they designed to encourage trucking."

"There are not enough tons of freight, nor enough population," Sanders stated, "to support successful operation of both docks at Seward and Anchorage."

It is understood that before the Federal Maritime Board can act on the information gathered at this weekend's hearings, it must first determine its right to decide, that is, its jurisdiction or lack of it over the terminal facilities.

will correct them. But again, even if this comes to pass, it is a matter where and how the ship owners can do best for their operations.

A second factor, not quite so apparent at the moment but one which will have a final and lasting effect on the port will be the general economic climate that will eventually establish itself in this part of Alaska.

If high costs, generated through spiraling wages are not curbed, long range industrial investment will never be forthcoming for the general development of the state. Unless and until Alaska can place itself in competition with other states from the standpoint of selling its resources, not only the port but all other facilities must stand idle.

This is a lesson we must all learn at once.

Wednesday, June 21, 1961 Anchorage Daily Times

Port Arbitration Hassle Settled

The city-contractor dispute over costs of constructing the city's new port has, apparently, been settled.

Claims of \$392,000 by the port builder, the De Long Corp. of New York City,

against the city were settled for \$192,667.56.

LAST NIGHT the Anchorage City Council passed a resolution authorizing the issuance of a notification of completion to the De Long Corp. The completion notice had been recommended by the city's consulting port engineers, Tippetts, Abbott, McCarthy and Stratton.

The completion document notes that work under the general contract was completed effective June 13, and clears the way for final payments to the contracting firm.

The notice of completion, according to city officials, brings to an end several weeks of arbitration, mediation and threatened court actions regarding costs of the facility.

THE DE LONG Corp., which had the general contract in the amount of \$4,994,707, filed claims of \$392,000 against the city for work done in excess of contract specifications. This amount also included a \$200,000 claim for maintenance of the facility from Dec. 7, 1960, to June 13.

The contractor had requested the city issue a notice of completion dated Dec. 6, 1960. The consulting engineers, however, said the facility, although useable, was not completed.

The original list of claims was submitted to a three-man board of arbitration comprised of Robert Prescott and Eino Reinikka, both of Anchorage, and Lee Linck, Fairbanks. The arbitrators placed a value of \$142,667.56 on the claims they considered.

Chief Hostetter, city manager, said the claims not arbitrated were negotiated by the city and the contractor and settled for \$50,000.

THE PORT, which will cost about \$8.2 million, when fully completed, will be formally dedicated July 8. Expected to attend the ceremonies are Gov. William A. Egan, Rep. Ralph J. Rivers (D-Alaska) and Sens. Ernest Gruening and E. L. Bartlett (D-Alaska).

The port is now in use, and since the first barge docked April 21, about 4,041 tons of freight have passed through the dock. Henry Roloff, port director, is currently on the East Coast attempting to convince bondholders that petroleum handling facilities should be installed at the dock. Roloff said 15-20 tankers a year would dock there if the facilities are installed.

Two factors will finally determine the popularity of the port. One will be the direct cost to transport people. If vessels can dock at Anchorage and discharge their freight cheaper and easier, these ships will use the port. If not, the ships will go elsewhere.

The maritime board hearings will disclose if there is or has been deliberate and unfair competition built up against the port and it is expected rulings from the commission, if such circumstances exist,

Federal Maritime Board To Probe Reported Irregularities in State

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Port Commission Lists Its Charges in Report

The price discriminations and irregularities in Alaska waterborne trade and commerce, shipping and terminal practices charged by the commissioners of the Port of Anchorage came into public view today.

The charges are made in a lengthy "confidential" report sent June 8 to the Federal Maritime board in Washington, D.C., and as a result of the report, an investigation team from the board arrived in the city Monday.

The charges include the following:

1. The Alaska Railroad "reaches as far beyond the scope of its authority by aggressively and unfairly competing with private enterprise in an apparent effort to kill off its competition represented by private and/or municipal capital," and, "by furnishing certain private enterprise carriers physical facilities and absorption of charges to offset losses of revenues to them. They are detrimental to

the economy of Alaska and destructive to free competition in free enterprise."

2. The Alaska Steamship company "has produced no tangible evidence after a reasonable time of actually establishing direct service" between Seattle and Tacoma and the Port of Anchorage.

In addition, the port commission says "the (maritime) board should investigate and determine whether Alaska Steamship company and the Railroad are conspiring in a joint effort to continue to monopolize and restrain interstate trade between (the state of Washington) and Seward."

3. Puget Sound - Alaska Van Lines, Inc., "enjoys the benefits of the existence of a through water-rail tariff published by the Railroad under which the Railroad absorbs the Seward terminal charges on shipments routed beyond Seward via the Railroad."

4. The Federal Maritime board has encroached upon the jurisdiction of the Interstate Commerce commission and has "misled and aided and abetted Garrison (Fast Freight) in violations of the Shipping Act of 1916, as amended, and of the Interstate Commerce act. And, Alaska Steamship company is a party to such violations."

5. The same charges are levied against the board with respect to Weaver Brothers Inc.

6. Anderson Terminal Company leases a barge terminal in the tidelands area of Anchorage to Alaska Freight Lines, Inc., and the lease agreement has not been filed with the Federal Maritime board, as it should be under the Shipping act of 1916, as amended.

7. Alaska Freight Lines has failed to publish its tariffs on the use of its leased dock facilities at Seward and Anchorage.

8. Alaska Aggregate Corporation offers the services of its "Alagco Dock" for which no rates are named in the "Alagco Dock" terminal tariff "and the rates quoted are substantially lower for the entire operation quoted than the rates named in the tariff merely for the services for which rates are named. This kind of solicitation or procurement of

traffic constitutes unjust and unreasonable practices in violation of Section 17 of the Shipping Act of 1916 as amended."

The resolution concludes:

"The economic development of Alaska and its great potential are in serious jeopardy because of existing conditions in the transportation complex . . . Should the Federal Maritime board permit historical, current and existing chaotic transportation practices to continue, it would not only mock the dignity of the established regulatory system of the federal government and the state of Alaska but would stunt and even abort the entire economy of the state."

"It is imperative that established statutes, authorized by Congress of the United States, be invoked and enforced by the Federal Maritime board with no passive application, no hesitancy of purpose or objective, and with no administrative delay. To do otherwise would perpetuate a known situation totally repugnant to the intent of Congress and the statutes of the United States."

The Anchorage Daily News
Monday, June 26, 1961

Maritime Board Hearings Resume This Afternoon

The hearings before the Federal Maritime board's three-man investigating committee were scheduled to resume today at 1:30 p.m.

Witnesses appeared before the committee until 5 p.m. Saturday afternoon to testify on the allegations made by a Port of Anchorage report to the FMB concerning Alaska commerce practices.

The board will continue the hearings as long as necessary to get a full record, according to chairman William Stigler, but they hope to finish soon.

The Anchorage Daily News
Saturday, June 24, 1961

Maritime Hearings Enter Second Day

As the Federal Maritime board investigations of allegations by the Port of Anchorage stretched into their second day, the questioning became more detailed and the hopes for adjournment today less strong.

William A. Stigler, chairman of the three-man investigating team, speculated this morning that the hearings would probably extend to Monday. If so, the session will begin at 1 p.m., (Continued on Page 2)

Stigler commented, and will remain in the city council chambers of the Anchorage library.

Grove G. Lautzenhiser, traffic manager of the Port of Anchorage, and R. C. Rose, who holds a similar position with Alaska Steamship company, were both recalled to testify this morning.

No one from the Alaska Railroad, one of the parties seriously charged with misconduct in the Port Commission's "confidential report" on Alaska trade shipping and handling conditions, has yet appeared before the board.

FMB attorney Gormley took Lautzenhiser to task today concerning a telegram charging, in effect, that the Alaska Aggregate corporation "performed services for Northland Freight Lines at charges different from the published tariff."

Lautzenhiser said his charge was based on observations and on conversations with Harvey Dougherty of Permanente Cement and Claude Bentz of North Star Terminal and Stevedoring.

Although Lautzenhiser admitted that neither man had specifically said the ALAGCO charges were less than the tariff, the city port traffic manager said it was his "impression that they were less."

He referred to an incident where an ALAGCO barge was partially unloaded, then moved out of the ALAGCO dock area for several days while two intermittent Northland barges were unloaded there.

Such a shift is expensive, Lautzenhiser told the board, and therefore it appeared that it "could not be done unless charges were different than published for Northland."

There was a ripple of chatter in the audience of about 35 persons when Lautzenhiser speculated that the ALAGCO barge could not be held idle in the bay for less than \$1,000 to \$1,500 a day, "to my knowledge."

When Alaska Steamship's Rose took the chair, Gormley asked him if a subsidy (absorption of charges) could exist where a company has only a tackle to tackle rate, as Rose assured him his company does.

Rose said such a subsidy would be "beyond my comprehension." He explained that a tackle to tackle rate applies from the time the ship's hook takes hold of the cargo to its release at point of destination.

However, Rose said his company does handle the billing for land transportation. He added that when Alaska Steam does this for the Alaska Railroad, "to that extent we are subsidizing the federal government."

This also met with chuckles from the crowd. Then an extensive and detailed cross-examination by city counsel Jacobson began.

His line of questioning tried to determine whether the Alaska Railroad has given preferential treatment to Alaska Steamship, and why Alaska Steam could not have a profitable direct service to the Port of Anchorage.

Rose told Jacobson that a fifth ship would be needed to service Anchorage directly. The costs of that operation would be above the previously estimated 25 per cent rate base increase for such service, he stated.

The session today is expected to last until 5:30 p.m. with a Monday session anticipated.

The report of the fact-finding hearing will be the basis of Federal Maritime Board decisions on jurisdiction and other matters.

Members Arrive Today

WASHINGTON (UPI)—The Federal Maritime board has dispatched three investigators to Alaska to look into alleged price discrimination and other irregularities in Alaska waterborne trade and commerce, shipping and terminal practices.

The board announced today the assignment of the investigators in response to complaints, chiefly by the city of Anchorage port commission.

The investigators are William A. Stigler, in charge, Frank W. Gormley and Vernon E. Nightengale.

All three work for the board. Stigler is a former FBI agent. They were due in Anchorage today and will stay at the Westward hotel. They are expected to spend about 10 days in Alaska.

The board said one of the charges to be investigated is that the Alaska Railroad had permitted free use of its Seward terminal to shippers using that railroad. This, the Anchorage port commission said, has hurt truckers and has diverted shipping from Anchorage to Seward.

The board said it is also looking into alleged:

Failure of Alaska freight terminals to file tariff with the board or to live up to posted rates and charges.

Existence of preferential or exclusive agreements among terminals and between terminals and common carriers without such agreement having been filed with the board pursuant to Sec. 15 of the 1916 shipping act.

Failure of the Alaska railroad to file with the board tariffs for terminals it operates and to adhere to tariffs it has published.

Among the other firms and shippers named in the Anchorage port commission complaint were Alaska Steamship company, Garrison Fast Freight, Puget Sound-Alaska Van Lines Inc., Anderson Terminal company, Alaska Freight Lines Inc., Weaver Brothers Inc. and Alaska Aggregate corporation.

12. The Anchorage Daily News
Thursday, June 29, 1961

Tidelands Hearings Are Held

The state division of lands Tuesday held a preliminary hearing on the proposed transfer of tidelands to the City of Anchorage.

The hearing resulted from a protest filed on the behalf of Alaska Aggregate corporation, Cook Inlet Tug and Barge, Alaska Fish and Farm Products, and H. J. Emard of Emard's Cannery by attorney W. C. Arnold.

Approximately 60 days ago, the city requested the division of lands to grant it title to the tidelands surrounding Anchorage.

The four companies are protesting the transfer of tidelands in the Alaska Railroad reserve near the city port. All four lease property from the railroad. The railroad is not directly involved in the dispute, although its legal counsel was an observer at the hearing.

Roscoe E. Bell, director of the division of lands, conducted the hearing. City Attorney Richard Gantz represented the city's interest. Attorney Gen. Ralph Moody was present to represent the state as an observer. Rep. Harold Strandberg, chairman of the city's port commission, and Henry Roloff, port director, also attended.

According to a division of lands official, the hearings will resume about Sept. 1.

Anchorage Daily News, Thursday, June 29, 1961

An Important Factor In Our Port

What the outcome of the hearings before the Maritime Commission panel recently held in Anchorage is, to be no one knows.

However the findings come out, it is very doubtful if they will have much to do with increasing or decreasing the use of the Port of Anchorage as a delivery point of freight.

Two factors will finally determine the popularity of the port. One will be the direct cost to transport people. If vessels can dock at Anchorage and discharge their freight cheaper and easier, these ships will use the port. If not, the ships will go elsewhere.

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will correct them. But again, even if this comes to pass, it is a matter where and how the ship owners can do best for their operations.

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New Facility for Anchorage Port

Formal dedication ceremonies for the new \$8,000,000 terminal at the Port of Anchorage were held on July 8.

Invitations to attend the opening of the new Port were issued to Governor Egan, Senator Gruening, Senator Bartlett, Representative Rivers, military and civic officials. The Anchor-

age Port Commission has also issued special invitations to all members of the Pacific Coast Association of Port Authorities.

Construction on the new Port of Anchorage started in 1958. Substantial completion of the project by the spring of 1961 enabled the Port of Anchorage to handle its first commercial cargoes via carriers serving from the Puget Sound area as well as inbound movement of construction materials from Japan.

Grove G. Lautzenhiser, Traffic Manager, Port of Anchorage, announced that service is being established immediately, direct between Seattle and the new terminal facility by Northland Freight Lines, an experienced common carrier of general commodities in the Alaskan trade.

Because of the inherent advantages realized through the utilization of this new facility, Northland Freight Lines anticipates a substantial increase in tonnage and sailings.

(World Ports and the Mariner, July, 1961)