

ROLOFF TESTIFIES AT HEARING

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Probe Of Port Begins

Port Director Henry Roloff was the first person sworn in to testify at the informal hearings begun today by three investigators of the Federal Maritime board.

Roloff, author of the confidential resolution alleging price discriminations and other irregularities in the Alaska waterborne trade and commerce, shipping and terminal practices, underwent questioning directed to him by Frank W. Gormie.

The port director just returned to Anchorage at 5 a.m. today from an extensive Eastern tour on port business.

At least 25 exhibits, from tariff publications to newspaper articles to port communications, were introduced by the port this morning. They are to be used as substantiating evidence to the severe claims listed in the port commission's resolution.

Gormie tended to ask clarification of phrases used in the report.

Roloff countered primarily with information gained from his conversations with people in the trade industry, from Alaska Railroad and Alaska Steamship officials to truck carriers in the local area.

In the most piercing question, Gormie quoted the section which said the Alaska Railroad and Alaska Steamship company give unjust rates, etc.

"To the best of my knowledge and belief," Roloff answered, "but it is common knowledge, the Alaska Railroad and Alaska Steam have preferential berthing assignments and agreements at ports of call in Alaska."

In clarification Roloff said that whenever he spoke of Alaska Steam in the allegations, he was also referring to Puget Sound-Alaska Van Lines.

When Gormie asked Roloff to give a demonstration through use of several tariffs, of the preferential treatment, the port's counsel suggested that Grove Lautzenhiser, port traffic manager, would be in a better position to offer an example.

Lautzenhiser will go before the examiners today.

The hearings will continue through 5:30 p.m. today, then begin at 9 a.m. Saturday if everyone has not been heard.

ANCHORAGE, ALASKA, FRIDAY, JUNE 23, 1961

Port's Evidence Set, Roloff Says

Anchorage Port Director Henry Roloff this morning told a Federal Maritime Board investigating team that the port has at least 28 exhibits to back its allegations concerning activity of common carriers and terminal operators engaged in the Alaska trade.

The city port commission, in a resolution passed June 8, alleged some common carrier by water tariffs were not properly filed, that certain terminal operators are not abiding by their tariffs and that the Alaska Railroad and certain common carriers by water have entered into arrangements and understandings by which the railroad absorbs certain terminal charges.

THE RESOLUTION contended the practices were detrimental to the development of trade through the newly completed city port.

The hearing, which began this morning, is being conducted by William Stigler, head of the maritime board's office of regulations. Frank Gormie, board counsel, is examining witnesses under oath. Roloff was the first witness to take the stand.

He said at the opening of the hearing that he desired to know what the maritime investigators were seeking. Gormie said the hearing was to establish facts regarding the allegations made by the port commission.

The hearing began in the Z. J. Loussac Library auditorium before a packed house and was slated to continue through 5 p.m. today. If necessary, the session will resume at the same place tomorrow morning. Stigler announced the session tomorrow will begin at 9 a.m., rather than 10 a.m. as originally announced.

STIGLER SAID the Maritime board will use facts obtained during the recent hearing to determine whether the board should make further investigations or take action on the port commission allegations.

In a closing statement yesterday, Henry Roloff, port director, reiterated the commission's contention that the Alaska Railroad's operation of the Seward terminal is subject to the Shipping Act of 1916 and thus subject to jurisdiction of the maritime board.

"IT IS THE opinion of the port commission that matters of great importance remain to be investigated and that the maritime board alone can undertake such an extended analysis of the complicated factors involved," Roloff said.

D. J. Smith, Alaska Railroad general manager, in commenting on allegations that the railroad absorbs terminal charges, said the railroad is self-supporting and that to be self-supporting the charges it levies must be compensatory.

"FREIGHT WILL move from point to point by the lowest rate available," Smith said, adding he was convinced the combination water and rail haul was the cheapest.

He granted the port officials have a "worry over bonded indebtedness," and said the railroad will continue to be willing to cooperate with the local port in the establishment of trade through the facility. Perhaps the proper place for the port will be in the import and export trade with the Orient, he said.

8 Anchorage Daily Times Saturday, June 24, 1961

City Calls For 'Equal' Regulations For Ports

The port of Anchorage is interested only in "equal regulation," and it doesn't matter what agency or set of rules is used as long as all Alaska ports are governed by them, Henry Roloff, port director, said.

Roloff was testifying at a secret port commission resolution of June 8 alleged a discriminatory and unfair practices between some com-

mon carriers by water, the Alaska Railroad and some trucking firms and further alleged that the maritime board was in some cases not a proper regulatory agency.

ROLOFF reiterated, under oath, the resolution allegations that the Alaska Railroad, a governmental agency, and the Alaska Steamship Co., a private common carrier by water, have a "preferential agreement" by which the railroad absorbs terminal charges at the port of Seward on through water-rail shipments.

Truckers must pay the terminal charges at Seward, and the Anchorage port must also assess such charges. Roloff said this is unfair to the truckers and the local port.

The port director also said that Alaska Steamship uses railroad-owned freight containers. This is, in effect, a subsidy of private enterprise by federal agency. He added the maritime board should exercise jurisdiction over the Seward terminal and should forbid such "subsidizing."

PORT traffic manager Grove Lautzenhiser gave in detail testimony purporting to show how the Alaska Railroad charges in connection with through rates by water and rail on cargo from Seattle to Anchorage.

Using an example of iron pipe and plate, the port traffic manager said the Alaska Steam tariff from Seattle to Seward was \$1.89 per 100 pounds, the terminal charges were 32½ cents per 100, and the rail haul from Seward to Anchorage, 42 cents per 100. This comes to \$2.63½ per 100, yet the published through tariff is given as \$2.47 per 100 pounds.

"I'M SAYING the Alaska Railroad would suffer a deficit of 16½ cents for every 100 pounds of this commodity transported in through movement."



POINT DISCUSSED

Vernon Nightengale, at left, and Frank Gormie, members of a Federal Maritime Board investigating team, discuss a legal point during a hearing of the Alaska trade situation at Anchorage.

throughout the United States, third day this afternoon at Z. J. Loussac Library auditorium. William Stigler, chief of the Maritime board's office of regulations, said he expected the hearings to end today.

KEN HINCHEY, president of Alaska Aggregate Corp., denied his firm is not abiding by its published tariff in connection with operation of the Alago dock, as alleged by the port commission.

He added, "I'm somewhat embarrassed on behalf of the city," when asked to comment on the hearings. He said the port commission apparently did "not do too much homework," but added he felt some good might come of the hearing.

Hinchey also added a plug for the Knik Arm causeway. It would perhaps make Anchorage a year around port, he said, as it would stop currents from carrying ice past the dock in the winter. "It is the one thing that can salvage the city dock if it can be salvaged at all," he said.

The hearing entered its 11th day today, the 11th day of the hearing, the railroad official received a stipulation from the maritime board that the appearance "shall not in any way be interpreted to be a jurisdictional concession by the railroad or a jurisdictional assumption by the maritime board."

Railroad solicitor J. Glen Cassity said the railroad functions under its enabling act and is not subject to the Shipping Act of 1916, and said it was being represented at the hearing as a courtesy to the maritime board and to supply information to the public.

The railroad is subject to the strict regulation of its enabling act, which requires that equal rates and tariffs be extended to any and all carriers or shippers within any particular class, Cassity said. He added that the railroad uses tariff and rate practices "generally consistent with practices of the railroad industry

2 Anchorage Daily Times Monday, June 26, 1961

Manley Declares ARR Not Subsidizing Ships

Practices of the Alaska Railroad in conjunction with the Alaska trade were stoutly defended Saturday by John Manley, assistant general manager.

He appeared at a hearing being conducted by the Federal Maritime Board as a result of allegations made by the Anchorage Port Commission.

THE RAILROAD was alleged by the port commission to be absorbing terminal charges at the railroad-owned Seward terminal, subsidizing common water carriers and giving "preferential treatment" to freight shipments by rail from Seward to the interior of Alaska.

Manley denied the allegations and pointed out that on through shipments to Anchorage or the interior by rail, the terminal charges, though not separately itemized, are included in the final freight bill. On through shipments, the terminal is considered an interconnection point, he said.

He backed a statement by Robert Rose, Alaska Steamship Co. traffic manager, that "the railroad is not absorbing terminal charges and thus subsidizing the water carrier." Both officials pointed out that the Alaska Steamship Co. tariff is on a "tackle to tackle" basis. That is, the water carrier rate covers only the water transportation and not service charges at terminals.

PRIOR TO testifying under oath at the hearing, the railroad official received a stipulation from the maritime board that the appearance "shall not in any way be interpreted to be a jurisdictional concession by the railroad or a jurisdictional assumption by the maritime board."

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EDITORIAL PAGE

Wednesday, June 28, 1961

Freight Is Best Bait To Lure Ships Here

THERE WERE HALOS all over the room when transportation people answered the charges brought by the Anchorage Port Commission.

The gist of the answers indicated that all operating agencies are devoted to the public service and would not think of doing anything that might divert traffic away from the Anchorage dock.

The railroad, especially, appeared to be garbed in a shimmering cloak of innocence even to the extent of demonstrating the most commendable generosity by coming to the meeting. It was carefully noted in the record that there was no compulsion under the law or elsewhere that would make such an appearance necessary, and that the motivating factor was entirely that of serving the public interest by making the truth known. We always knew railroad men were fine fellows.

The unvarnished facts, of course, are that the railroad is doing nothing wrong, would not think of doing anything wrong, and of course would not give preference to freight moving over the railroad rather than over some other facility such as the Anchorage port, for instance.

TRUCKERS and barge operators also showed up with halos light and bright as they joined the railroad in declaring this to be a wonderful world and they love to be of assistance to the public on the most equitable and just basis, and they wouldn't think of doing anything to hurt the Anchorage dock either.

It was noted that the railroad and some of the truckers and barge operators were strange partners because they have been at loggerheads for years in their efforts to build up their businesses which, despite all the cooperation, coordination and harmony displayed at the hearings, have been involved in sharp rivalries, bad words and bitter competition.

A summary of the stories told

to representatives of the Federal Maritime Board would suggest:

— that owners of docks neighbors to the city dock see scant chance for the city dock to pay off. In other words, their competition hasn't a chance.

— that operators of barges into Anchorage or Seward think the city dock is going to be an economic bust. In other words, they won't use it.

— that the railroad thinks the dock ought to depend upon exports from Alaska instead of imports to Alaska. In other words, incoming freight will always move by rail.

In the long run the truckers may find the city dock a better friend than the railroad as far as generating business is concerned. In that case water would prove stronger than rails.

NOW THE OFFICIALS have gone back to Washington with all this new intelligence that was presented to them. Everything is as clear as the water of Knik Arm.

It is to be hoped that they conducted some independent investigations that will give them some clues as to the proper disposition of the case.

Regardless of the legal point of view, it is certain that:

1. This city does not want higher transportation costs via the Alaska Railroad or any other agency, and

2. This city does want its municipal dock to handle traffic on an economic basis that will (a) lower the costs of landing goods here and (b) amortize the outstanding debt. If it fails on either score it will fall short of expectations. If it fails on the debt it will result in increased city taxes.

Instead of waiting for any lofty decisions in Washington, it would be well for the Port Commission to enlist local shippers to use the dock, with the understanding that the landed costs will be no more than via competitors.

A big tonnage of freight dangled before the transportation companies might be the best bait for luring them into using our dock.

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