

Record Growth

Alaska Tonnage Rises Rapidly

By WILLIAM FENNER

SEATTLE, Aug. 23 — In the face of and, significantly, prior to an expected 35 per cent "bulge" in waterborne freight traffic to Alaska next year, the Summer of 1964 has seen the greatest growth ever of competitive factors in this complex domestic noncontiguous trade.

Never, even in the memory of oldsters who witnessed the mushrooming Klondike prospect traffic through this port in '98, have so many carriers beefed up their offerings to such capacity and frequency. Every conceivable variation of vessel service is entered on these sea lanes, which are the most over-

regulated (by both the Interstate Commerce Commission and the Federal Maritime Commission) or under-regulated (Alaskans complain) of all U. S. trading areas.

Best estimate in West Coast shipping circles is that 1963 tonnage will total some 850,000 tons, roughly an increase of one-third over this year's, which can be projected this late in the shipping season at 600,000 tons.

New, Improved Facilities

The chips are down, in the form of new and improved terminal facilities (at Seattle and New Westminster, B.C.), partly or wholly rebuilt port facilities at Seward, Whittier and Anchorage, and fleet additions recently completed at costs estimated around \$12 million. Shipping circles here and in San Francisco (where much Alaska cargo is controlled) are in agreement that carriers have come far beyond the potential competitive level which Alaska's quarter-million residents and vociferous legislators have demanded in running debates through recent months.

In the forefront of established common carriers are two lines:

1. — The 69-year-old Alaska Steamship Company, owned by David E. Skinner's Seattle holding firm, Skinner Corporation, which operates a fleet of 17 ships.

2. — The comparative newcomer, Puget Sound-Alaska Van Lines, subsidiary of Puget Sound Tug & Barge Co., which is owned by San Francisco's Crowley Launch & Tugboat Co., operators of numerous rail and van barges and towboats at Pacific Coast ports.

were to southeast and west Alaska ports.

Thomas E. Crowley, vice president of PS-AVL and a principal owner of the far-flung San Francisco firm's operations, said the shipping bulge "has not yet become very measurable, since Alaskan reconstruction from the Good Friday quake damage has been delayed. Any gains this summer were due to a few contractors' work on military projects underway prior to the quakes." He said that because Government financing is so heavily involved in the renewal and development plans, extensive and as-yet uncompleted govt. tests, overall community planning and design work have delayed expected starts this year.

120,000 Tons Carried

Puget Sound - Alaska Van Lines, which lifted an estimated 120,000 tons in company-owned containers from Oakland and Seattle to Whittier, has only recently moved into position to switch its principal operation to freight car transshipment.

"With our five big hydrotrain barges, we expect to have a rail car payload capacity of 5,000 tons weekly in August," Mr. Crowley said, confirming the strong probability that by this fall van shipments will become negligible if not nonexistent. The line's van and rail car loadings have been averaging around 150,000 tons per month.

If potential capacity available to Alaska shippers has skyrocketed in anticipation of traffic needs, explosive (for carriers) rate situations have kept pace, with these major developments reported:

Weekly Anchorage Service

But a real "Alaska kid" that industry observers will be watching, especially as winter closes down the heavy shipping period is Sea-Land Service, Inc., whose recent extension to Anchorage on a weekly basis of its intercoastal door-to-door truck-container offering has caught the fancy of many shippers.

"We expect the bulge in Alaska tonnage, which has been running at the rate of 600,000 tons, to increase by about 20 per cent at least, possibly by as much as 25 per cent, during the 1965 season," Mr. Skinner told *The Journal of Commerce*. The bulge should continue into the second year and phase out by the end of 1965, he indicated.

Alaska Line's operations prior to the quake and in recent years involved lifting company-owned 24-foot containers plus ordinary break bulk freighter operations on once or twice weekly basis to Seward for transshipment to the Anchorage-Fairbanks population centers, weekly to southeast Alaska ports, and twice-monthly to western Aleutian Islands.

Salmon Major Export

The northbound trade was based on its historic prominence in civilian and military resupply, and the northbound tonnage hinged on bringing out salmon and crab canneries packs. The latter part of the line's operating figures tumbled severely last year due to poor commercial fishing.

Alaska Steamship Line carried about 350,000 tons last year, of which 100,000 were to the railhead at Whittier for transshipment to Anchorage, Fairbanks and other rail points, and 170,000 tons, mostly break bulk,

Freight Rates Equalized

1. — Seattle freight rates in general have been equalized with those of the northern ports' advantage have been diminished. Although basic longshore wages of \$3.27 per hour in British Columbia are only five cents below the \$3.32 in U. S. ports, most industry sources here maintain a vast difference in loading rates is created by an estimated 50 per cent higher productivity per man hour above the border.

2. — Sea-Land's container rates on selected commodities were equalized in July with those of Alaska Steam and PS-AVL for rail carloads of 60 to 100 thousand pound minimums. S-L shipments of three or four containers now qualify for the same rate as rail carloads, but since Sea-Land includes door-to-door delivery and risk insurance in its rate schedule, it actually represents a cut below rail shipper's where the shipper bears the burden of offloading and delivery.

3. — Most Seattle shipping observers believe the full gamut of rate maneuvers will not come into play until both U. S. and Canadian railways enter the fray with routing and through rate advantages in tariffs.

Southbound Fish Cargoes
Sea-Land's rate equalizations (which the ICC refused to suspend but "will continue to investigate" on petition of PS-AVL) are on frozen fruits and vegetables, lumber, wallboard, plywood and canned fish. The all-important southbound fish cargo will take a rate of \$1.15 per cwt. on 60,000 lb. min., down to 33 cents for minimums of 100,000 lbs. or over, which were reduced from a previous \$1.27 per cwt.

Puget Sound Tug & Barge Co., on behalf of its subsidiary PS-AVL, sought ICC intervention on grounds the rates were preferential rather than competitive, offset only high volume cargoes, and would result only in cargo diversion among regulated carriers rather than create new traffic.

One significant area for debate, and not simply because of the expected Alaska trade resurgence, is the question of off-year service by the carriers. In some quarters, no need is foreseen for other than occasional shipments arriving during the winter at the ice-free Whittier railhead. Others believe the time has come when the state's growth potential depends on keeping the major part of Anchorage ice-free.

Seek Clear Channel

Sea-Land has reported plans to seek maintenance of a clear channel through Cook Inlet for its Anchorage traffic through the winter. It is forced to divert its ships to Whittier, or Seward (when that railhead port's facilities are fully operable), all of Sea-Land's container rate structure advantage would be lost by forced rail flatcar transshipment.

Alaskan shipping industry leaders view somewhat skeptically the year-long plans for Anchorage, merely because the cost of icebreakers can only be guessed at and tested, but more important, the entire economy is geared to at least five months' shutdown.

Winter Ice Won't Halt Freight Ships

ELIZABETH, N.J., Aug. 27 (AP) — A spokesman for Sea-Land Service Inc. said today company officials are confident that weekly freight service can be maintained to Anchorage this winter despite heavy ice in Cook Inlet.

The Sea-Land spokesman said ballast adjustments will be made in the company's cargo ships to keep the stern low and the propeller deep in the water in going through slush ice.

PORT EXPANSION DUE

Anchorage Daily Times Thursday, Aug. 13, 1964

City Port Has Bond Payment Funds; 1964 Profit Forecast

The Port of Anchorage, which in the past has had to scratch to make up its twice-a-year payment of principal and interest on construction bonds, will meet Saturday's payment without difficulty.

"We've had the \$184,500 interest payment in the bank since July 8," a port official said today.

Payments are due Feb. and Aug. 15 of each year. A total of \$6,130,000 in bonding remains to be paid. Port revenues are the source of payment funds.

Port revenues soared following the earthquake which wiped out or damaged docks in other Southcentral Alaskan communities.

Although somewhat damaged, the Port of Anchorage continued in operation.

A revised budget for 1964 shows Dec. 1963 predicted port loss of \$74,552 converted to a \$107,593 profit for the year.

This profit is based on an estimated 161,700 tons of general cargo and 5 million barrels of petroleum products crossing the port dock in 1964.

Comparison of tonnage and revenue for the four months of April through July for 1964 as compared to last year seem to shore up this optimistic estimate.

Total tonnage for the four-month period in 1963 was 86,295 tons. This year's four month's total is 279,151 tons of cargo.

Revenue for 1963, April through July, was \$200,000.

Revenue for the same period this year is \$382,700.

A breakdown per month for the four-month period shows: April, 28,225 tons of cargo including 87,226 barrels of petroleum products; May, 82,222 tons of cargo including 471,627 barrels of petroleum products; June, 80,412 tons of cargo including 478,812 barrels of petroleum products; July, 88,292 tons of cargo including 512,699 barrels of petroleum products.

The port's revised budget, recently approved by the city council, reflects the increased activity resulting from the March 27 earthquake.

The original budget, drawn up in the last months of 1963,



BOOKS IN BLACK

Profit on Port of Anchorage books brings smiles to the faces of Larry Bryant, left, port sales manager, and Don Walter, operation sales manager.

shows operating revenues of \$535,700 as compared to \$756,400 in operating revenues in the revised budget, according to Don Walter, operation sales manager. Operating expenses in the original budget are \$239,040. Operating expenses in the revised budget are \$278,907.

Anchorage Daily News, Thursday, August 13, 1964-3

SEA LAND SERVICE INC.

Announces

DIRECT TO KODIAK

WEEKLY SAILINGS FROM ANCHORAGE

S.S. Anchorage or S.S. Seattle sails each Wednesday morning from Anchorage directly to Kodiak, arriving at Kodiak on Thursday morning.

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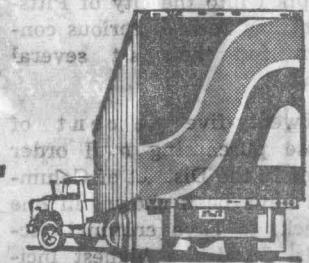
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Petroleum Unit Addition Eyed At Army Dock

The Port of Anchorage indicated today it may acquire part of the Army's Ocean Dock area for an expanded municipal petroleum handling facility.

John Carver, assistant secretary of the Interior Department, advised port officials that federal holdings needed to build a permanent petroleum dock may be given to the city.

The permanent facility would replace a \$500,000 temporary dock built this summer. Under the plan, the Port of Anchorage would seek the north 100 feet of the Ocean Dock to connect with existing city property.

Anchorage's Port Commission is scheduled to explore possible sources of funds for the permanent petroleum dock at a 7:45 p.m. meeting tonight. The cost has been estimated at between \$1.5 million and \$1.8 million.

Carver authorized John Manley, general manager of the Alaska Railroad, to enter into negotiations with the Department of Defense and the Anchorage Port authority. The property negotiations, Carver said, would involve only "the actual amount necessary for the facility."

The 100 feet of the Ocean Dock property would be added to the 500 feet of city land lying between it and the municipal dock to the north. A. E. Harned, port director, said this would permit handling of the largest oil tankers likely to call at Anchorage.

He said 600 feet of space is necessary to service the 575-foot long "jumbo" tankers.

"We could have a first-class facility," the port director added.

City officials have long voiced the hope that the entire Ocean Dock, which is not now in use, would be turned over to the port.

However, Harned said Carver's letter indicated that the city cannot hope to obtain the entire dock.

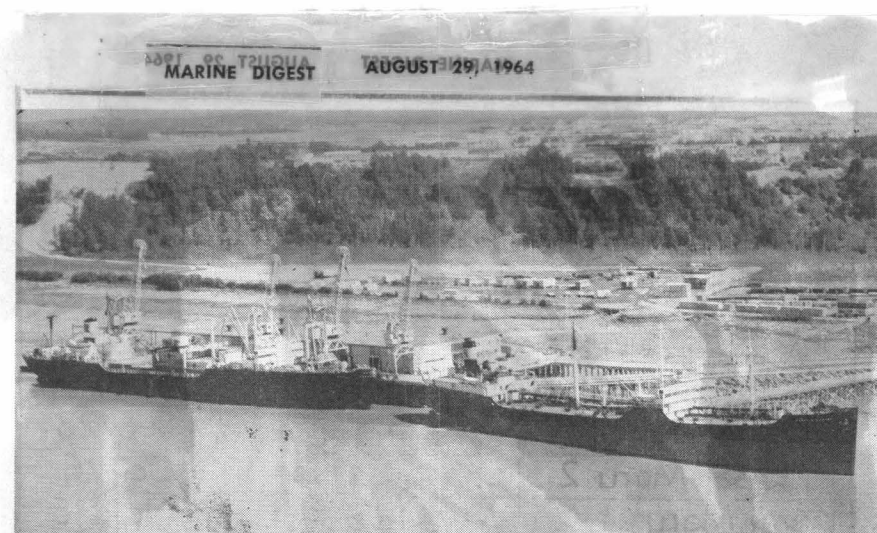
Petroleum products, which formerly came into Ocean Dock, now are handled at the temporary facility.

City Manager Robert Oldland said the most likely source of funds to build the petroleum dock is a Community Facilities Administration loan.

This agency already has advanced \$110,000 for engineering work on the proposed facility, he said.

However, the possibility of obtaining funds from an Accelerated Public Works grant or loan will not be overlooked, according to a port official.

A \$1.5 million Community Facilities Administration loan application was filed shortly after the March 27 earthquake for a petroleum dock and a general cargo berth. At that time, the port was informed no funds were available from this source.



Port of Anchorage Hosts Two Big Ships

ANCHORAGE — The Port of Anchorage, Municipal Terminal is pictured for the first time with two deep draft vessels at berth. Sea-Land's SS Seattle and Richfield Oil's tanker, Frank A. Morgan. The Frank A. Morgan is the first tanker to use the recently completed P.O.A. facility constructed by the Corps of Engineers following the March 27 earthquake which destroyed all P.O.A. facilities in South Central Alaska. The Richfield vessel was carrying products of Standard Oil, Texaco and Union Oil Co. Four million barrels of petroleum products will cross the new facility in 1964.