

## Port Will Take Stand On Proposed Pipeline

The city Port Commission expects to formulate commendation for the City Council this morning possible city action in opposing or supporting a military proposal to build a petroleum pipeline from Whittier to Anchorage.

With two commissioners missing from last night's meeting, the board agreed to put off a decision until it could consider the matter in a work session with more members in attendance.

On hand for the meeting last night were Bill Baum, Bill Besser and Larry Landry. Both the other commissioners, Vigil

Deane and Wally Martens, were out of town. Deane was expected to return last night.

**THE MILITARY** has requested funds from Congress to construct a pipeline from Whittier at a cost of \$4.9 million.

Air Force Lt. Col. James Shaver, who represented the military at the meeting, said the primary reason for the pipeline was to provide the military a continuing year-around supply of petroleum products, especially jet fuels.

Shaver indicated that the Port of Anchorage did not provide a reliable alternative to the Whittier pipeline.

**THE OTHER** alternatives for the winter months were deemed too expensive, he indicated. They were shipment by tanker vessels to Haines, then to Fairbanks by pipeline and from there to Anchorage by rail, and shipment from Whittier by rail to Anchorage.

Shaver said the Alaska Railroad charged 69 cents a barrel from Whittier. But he added that John Manley, the railroad's manager, had offered to move 1.5 million barrels in a six-month period for 35 cents a barrel.

The 1.5 million barrel minimum was in excess of the military requirements, Shaver said.

**THE PORT** of Anchorage has negotiated a petroleum facility rate for the military of a maximum of four cents a barrel, declining to one cent a barrel on volume.

Shaver said the present military tank facilities demanded by 1970 constant year around flow of fuel into the tanks. To increase the tank facilities sufficiently to depend on seasonal supply through the Port of Anchorage, he said, would cost \$6.4 million.

The military pipeline project has been under consideration by the military since 1954.

# PIPELINE DESIGN UNVEILED

2 Anchorage Daily Times Tuesday, Feb. 2, 1965

## City Port Board To Stay Neutral On Pipeline Plan

The Anchorage Port Commission neither favors nor opposes construction of a \$5 million military petroleum pipeline between Whittier and Anchorage.

Four of the five commission members decided to remain neutral on the proposed pipeline following a work session this morning.

Wally Martens, fifth commissioner, is out of the city.

Lyman Woodman, assistant city manager, said the commission's review of the proposed pipeline would be sent to the Anchorage City Council tonight.

The review was made at the request of the council. The military position on the pipeline was outlined to commission members Monday night by a representative of the Alaskan Command.

Military needs, particularly for jet fuel, are expected to double in the Anchorage area by 1970, the commission was told.

Although water delivery is least expensive, the uncertainty of tanker arrivals during the winter months make the pipeline the military's "best bet," the commission was told.

There is not a sufficient number of military tanks in Anchorage to store needed fuel, it was claimed.

The \$5 million pipeline is an alternative to constructing additional tankage, estimated to cost \$6.4 million, according to the military spokesman.

Cost per barrel to deliver fuel via pipeline in 1966 would be 17.1 cent. This cost could decrease to 10.7 cents through 1969, it was claimed.

John Manley, Alaska Railroad general manager, told the commission that no petroleum handling rate has yet been established in Whittier.

A commission member suggested that rail delivery into Anchorage could provide the military with the flexibility it seeks as an alternative to the pipeline.

Cost of rail delivery under present tariffs is extremely high, was the reply.

2 Anchorage Daily Times Friday, Feb. 5, 1965

## Chamber Board Tables Stand On Military Pipeline

The Greater Anchorage Chamber of Commerce board of directors today tabled action on taking a stand on the proposed construction of a \$5 million military petroleum pipeline between Whittier and Anchorage.

The board decided upon this action until it could hear representatives of the city administration and the military.

The directors heard a report by George Jackson, chairman of the Chamber's port committee,

and Robert McFarland of the labor committee.

Jackson reported his group opposed the proposed pipeline. McFarland said the Central Labor Council Thursday night voted to protest construction of the pipeline on economic grounds.

Currently, the military is using the facilities of the Port of Anchorage. The construction of the pipeline would reduce the port's revenues, approximately \$35,000 annually.

The city's Port Commission, meantime, has taken no stand for or against the military pipeline.

Commissioners plan to meet at 4 p.m. today with the Anchorage City Council to ponder a memorandum from the commission which outlines the reasons for its position.

In a work session Tuesday morning, the commission held that while the pipeline would be contrary to the port's financial interest, there would be no actual revenue losses since the pipeline can be considered as a replacement for the Army's Ocean Dock through which military fuels moved prior to the earthquake.

The 1964-65 military fuel revenues should be considered a financial windfall to the port resulting from the earthquake, the port commission feels.

If cost of additional tankage in Anchorage, felt necessary by the military and estimated to cost \$6.4 million, is not considered, pipeline operations would be more expensive than water transportation of fuels, the commission holds.

In the years to come, the port's budget will not be greatly affected by the loss of military revenues since increased commercial petroleum cargoes are expected to compensate for any military losses, the commission said.

The port needs continued military cooperation, particularly in view of its desire to obtain military lands adjacent to the port.

The military has expressed a need for versatility and reliability in order to maintain a strong military position and feels the pipeline is necessary to so do, the commission noted.

## Port Commission To Study Impact Of Military Plans

Proposed routing of a military pipeline between Whittier and Anchorage became known today as the Anchorage Port Commission prepared to review its impact on the city.

Preliminary design for the proposed pipeline was approved Jan. 6 by a joint military-Corps of Engineers review board, a spokesman for the Corps said today.

The Army has asked Congress for \$5 million to build the pipeline. The city, which now handles military fuel through port facilities, fears loss of revenue if the pipeline is built.

Construction of the Whittier-Anchorage pipeline has been under consideration for "two or three years," a spokesman for the military said today.

He said two days could be cut from tanker schedules if the vessels were able to unload in Whittier rather than coming into Anchorage.

Two routes across the mountains between Whittier and Anchorage are proposed in the preliminary design.

One would follow the Alaska Railroad tunnel. The second would go over the mountains.

The estimated \$5 million route would go through the tunnel, according to the Corps spokesman. This is the more expensive of the two routes in the preliminary design because of the need for additional safety features in the tunnel.

North of the mountains, the proposed route would follow generally along the railroad right of way into the Anchorage area. It would then run along the foothills in the vicinity of Campbell Airstrip then along Muldoon Road to Ship Creek. The pipeline would follow Ship Creek channel to end in military bulk storage facilities on Government Hill.

Port records show that revenue derived from handling military fuel in 1964 came to approximately \$50,000.

This revenue was all obtained after the earthquake. Prior to March 27, military fuel was unloaded at the Army Dock, a military facility.

Revenue in 1964 was based on the six cents per barrel handling rate.

A. E. Harned, port director, said a new military fuel handling rate, starting at four cents per barrel, became effective at the port Sunday.

The new military rate, approved by the commission late in November, was filed with the Federal Maritime Commission, effective the last day of January, Harned said.

Under the new rate, port revenues on the estimated 1.3 million barrels of military fuel expected in 1965 will be approximately \$55,000.

2 Anchorage Daily Times Saturday, Feb. 6, 1965

## MAYOR SAYS PIPELINE WOULD UP PORT COSTS

Revenue loss to the Port of Anchorage from reduced military shipments would result in higher costs to the civilian community, according to Mayor Elmer Rasmuson.

Rasmuson at the same time, however, said additional volume could result in reduced costs as he "put out his chin" to guarantee petroleum handling rates would be reduced if the military would continue to use the port's petroleum facility.

The mayor stated his views as merits of shipping military petroleum via pipeline from Whittier versus through the Port of Anchorage were hashed out Friday in a joint Port Commission-City Council meeting with a representative of the Alaskan Command.

Rasmuson maintained his cost figures indicate that it would be cheaper to meet the military's petroleum needs by water shipment through the port.

Lt. Col. James Shaver, representing the military, said his figures showed that the military would save \$1,335,000 over a five-year period if it used the proposed Whittier - to - Anchorage pipeline.

Admitting that water shipment generally is less costly, Shaver said the military feels that it would require \$6.4 million in additional tankage in Anchorage, if the port is to meet year-round military needs. He said the military regards Anchorage as a six-months port for fuel tankers.

Rasmuson said military consideration could tip the scale—as to higher or reduced handling costs. He also noted:

"If the Defense Department says, regardless of cost, that we should build the pipeline, we are not in the position to challenge them."

City officials questioned the need of the military for \$6.4 million in tankage. Shaver said this figure was taken into account in determining military costs.

Virgil Deane, oil company official and member of the port commission, said his firm recently built tankage in Anchorage at a cost of \$1.25 million for 600,000 barrels of storage.

Deane said private port or city financing could be obtained to meet the military's tankage needs.

The proposed six-inch military pipeline, 50 to 60 miles long, would cost \$5 million.

2 — Anchorage Daily News, Saturday, February 6, 1965

## Mayor Says City Will Match Price to Military

Anchorage Mayor Elmer Rasmuson said yesterday the city would undercut the costs of the proposed military pipeline from Whittier if the military would use the Port of Anchorage.

In a joint meeting of the City Council and the Port Commission with a representative of the Alaskan Air Command, Rasmuson said, "I'll stick my neck out. We'll damn well make it cheaper."

Lt. Col. James Shaver, the military representative, indicated the primary consideration in constructing the \$4.9 million pipeline was economic.

He did not rule out military considerations, although he did not specifically mention what they might be.

**SHAYER** said it was essential that the military have a year around supply of fuel and that the Port of Anchorage was not suitable for year around tanker use.

Conceding that water transport was "historically" cheaper than other forms of petroleum transport, Shaver said over a projected five-year period the military would save \$1.3 million with the pipeline.

Assuming the military preference for a pipeline was purely based upon cost, Rasmuson said according to his calculations (and those of the council) use of the city dock would be the cheapest method for the military.

**SHAYER** said it would cost the military \$6.4 million to build the necessary storage here to be in a position to use the proposed city permanent petroleum dock.

An alternative solution, Shaver indicated, might be for private capital to build local tankage and lease it to the military.

Virgil Deane, member of the Port Commission and sales manager for Standard Oil Co. of California in Alaska, said there ought to be adequate financing in the city for tankage. Perhaps, he suggested, the city could supply it.

The military fund request is expected to come up for initial congressional hearings this month in Washington.

20 Anchorage Daily Times Thursday, Feb. 11, 1965

## New Pipeline Study Asked

Additional study of the proposed Whittier to Anchorage military fuel pipeline has been requested by the Anchorage City Council.

The military has asked Congress for \$5 million to build the 60-mile long petroleum pipeline.

The council's request to the Alaska Congressional delegation and the Department of Defense is called for, the council maintained, by the economic impact of the pipeline on the civilian community and the "wise" expenditure of federal funds.

The military's stand that Anchorage is a six-month port has been disproved by commercial shippers, the council holds.

The council questions the proposed \$6.4 million military tankage requirement as a pipeline alternative.

The question of non-military use of the pipeline has not been answered to the council's satisfaction. Non-military use of the line could severely damage the Port of Anchorage economy, the council maintains.

A copy of the city's request will be delivered to John Manley, general manager of the Alaska Railroad, the council agreed.