

Chairman HAYDEN. Do you have applications on file that could use \$1,300,000 that is not being requested?

Mr. LAUSI. Do we have applications? Yes, sir.

REPAYMENT STATUS

Chairman HAYDEN. I wish you would submit a statement for the record showing the repayment status of those projects that have been completed.

Mr. LAUSI. We will do that.
(The information referred to follows:)

Total cost of 102 transferred projects ¹ -----	\$40, 500, 736. 36
Amount to be repaid-----	20, 251, 016. 46
Received in cash-----	3, 739, 042. 51
Initial cash payments-----	1, 643, 446. 35
Principal payments received ² -----	1, 171, 413. 60
Remaining obligations-----	13, 697, 114. 00
Interest received-----	478, 247. 61

¹ Approximately \$222,106.28 will be withdrawn from transferred projects as the final costs are determined, or the final adjustment checks received and bonds canceled.

² Includes payments made direct to Treasury.
NOTE.—There have been no defaults to date.

LETTER FROM LEAGUE OF ALASKAN CITIES

Chairman HAYDEN. I received a letter from the League of Alaskan Cities, in which they requested that an additional \$1.3 million be appropriated in fiscal 1959 to provide for the full authorization. This letter will be included in the record.

(The letter referred to follows:)

LEAGUE OF ALASKAN CITIES,
Palmer, Alaska, March 3, 1958.

Re Alaska public works appropriation.

HON. CARL HAYDEN,
Chairman, Senate Interior Department Appropriations Subcommittee,
United States Senate, Washington, D. C.

DEAR SENATOR HAYDEN: The Alaska Public Works Act, which was enacted in 1949 with an authorization of \$70 million, is due to expire June 30, 1959. The unappropriated balance remaining from the original authorization is approximately \$5,323,800. In his 1959 budget, the President asked that \$4 million be appropriated.

The purpose of the Alaska Public Works Act is "to foster the settlement and increase the permanent residents of Alaska, stimulate trade and industry, encourage internal commerce and private investment, develop Alaskan resources, and provide facilities for community life through a program of useful public works." More than any other program, the APW program has been working toward the accomplishment of these objectives, but the need is still great.

The provision of facilities for community life which should have been possible with the \$70 million has already been decimated greatly by the unanticipated and phenomenal rise in construction costs over the life period of the present act. Labor costs alone have doubled in this period. From 1949 to 1957 the basic craft laborers' scale in the Anchorage area rose from \$1.79 to \$3.81. Although construction prices in the States also have risen to unprecedented heights, their rise has not kept pace with those in Alaska, where a crash military program and a small labor market have effected an extraordinary competition for labor.

Although 93 APW projects had been completed by July 1 of last year and another 17 projects slated for completion under fiscal 1958 appropriations, there still remains a huge backlog of projects with expensive planning completed and ready to go. Sixteen of these projects, with an estimated total cost of \$13.66 mil-

tion, had already been approved in the Department of the Interior office of APW by July 1 of 1957. Only 3 of these are included for 1959 construction under the 1959 appropriation proposed by the President's budget. Another 29 projects, with a total estimated cost of \$17.78 million, were ready to go and awaiting the affirmative nod of the Washington office last July. Three of these would be included under the proposed 1959 appropriation.

In view of the need for the above community facilities and the readiness for immediate construction, the League of Alaskan Cities, representing 17 member cities and 95 percent of the Territory's incorporated municipal population, urged in a resolution approved unanimously at the 1957 convention last November that Congress appropriate the full amount of the authorization remaining for the Alaska public-works program.

It is respectfully requested that the Senate Interior Appropriations Subcommittee approve appropriation of the 5,323,800 remaining in the Alaska public-works program authorization in this last fiscal year covered by the APW Act. Sincerely yours,

(Mrs.) LUCY MICK, *Executive Secretary.*

ALASKA RAILROAD

For the Alaska Railroad we are not requesting funds. However, we do have an additions and betterments program which has been submitted.

Chairman HAYDEN. The statements in the justifications pertaining to the operations of the Alaska Railroad will be included in the record. (The statements referred to follow:)

JUSTIFICATION—THE ALASKA RAILROAD

1. OPERATION AND MAINTENANCE

The act to authorize the President of the United States to locate, construct, and operate railroads in Alaska is known as the Alaska Railroad Act (38 Stat., 305), which sets forth guides and limitations as to the location and primary purposes for the Railroad. The purposes may be stated as follows:

1. To provide transportation for national defense.
2. To perform generally all usual duties of a carrier by railroad, so as best to aid in the overall development of Alaska.

Summarizing the results of the Railroad's operation in 1957, freight and passenger traffic both show decreases. Operating revenues decreased at a greater rate than operating expenses during 1957 causing the net result to be a decrease in both net railway operating income and net income. Comparing 1957 with 1956, the percentage changes are as follows:

Percentage change, 1957 versus 1956

Revenue ton-miles (decrease)-----	7.9
Revenue passenger-miles (decrease)-----	8.1
Total operating revenues (rail line) ¹ (decrease)-----	18.1
Total operating expenses (rail line) ¹ (decrease)-----	6.6

¹ Does not include nonoperating.

By the terms of the Alaska Railroad Act and the annual appropriations acts, the use of its revenues are made available for maintenance charges and operating expenses. While appropriations must be requested for major improvements and additions, it is expected that other ordinary capital expenditures can be provided from revenues. The Senate Appropriations Committee, 84th Congress, 2d session, has requested that no major capital improvement or rehabilitation is to be financed from revenues until it has been presented to and approved by the Appropriations Committee of the Congress.

An increase in traffic is expected in 1958 and 1959 due to the military coal stock being at lower level than previous years, while other shipments are expected to be approximately the same as 1957.

The rehabilitation of Seward-Portage line will be completed in 1958 and the Seward dock, partially now in use, will be completed in 1959. These and other improvements of plant and equipment will reduce future operating costs.

264 INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1959

Revenue tonnage handled in 1937 was 157,719, gradually increasing until in 1954 the greatest tonnage was handled in the history of the railroad. The military tonnage in 1957 represents 51.9 percent of the total hauled. Analysis for 1937 as compared with selected years 1947 to 1957 is shown below :

Revenue tonnage

	1937	1947	1952	1954	1955	1956	1957
Military freight.....		365,818	621,564	942,583	838,629	756,670	748,694
Other.....	157,719	276,023	733,516	654,170	640,669	716,598	694,470
Total.....	157,719	641,841	1,355,080	1,596,753	1,479,298	1,473,268	1,443,164

The Alaska Railroad is 470 miles in length from its southern terminus at Seward, on Resurrection Bay, to Fairbanks, in the interior of Alaska. This does not include the following :

	<i>Miles</i>
(1) Branch from Portage Junction to Whittier.....	12.4
(2) Matanuska Branch to Palmer and Jonesville.....	22.3
(3) Eielson Branch from Fairbanks.....	26.5
(4) Suntrana Branch from Healy.....	4.4
(5) Passing tracks, spur, and yards (approximately).....	130

Commercial freight passes through the port of Seward, and military freight through Whittier. The headquarters of the railroad, where its main offices and shops are located, are at Anchorage. In emergency the railroad may operate oceangoing or coastwise vessels.

The number of employees during the year ranged from 1,291 in the winter months to 1,790 in the summer work season.

Gross income for 1957 amounted to..... \$15,224,910
 Gross expense for 1957 amounted to..... 15,044,032

Net profit for 1957 amounted to..... 180,878

The estimated retained earnings will be reduced by \$535,000 during the fiscal years 1958 and 1959 to cover the railroad's contribution to the retirement fund. The regular capital improvement program will be curtailed by a similar amount in order to absorb the retirement costs.

2. ADDITIONS AND BETTERMENTS

It is estimated that \$4,618,000 will be required during fiscal year 1959 for the additions and betterments program, \$3,301,000 for capital items and the balance of \$1,067,000 in expense accounts. This amount is derived from operating revenues and is \$932,500 more than the amount made available during the current fiscal year.

Senate Report No. 1761 on Interior Department and related agencies appropriation bill, 1957, contains the following comments in part :

"The committee feels, however, that in order to appropriately review the program of the Alaska Railroad it is essential that the annual budget submission reflects a schedule of amounts proposed for capital improvements. Accordingly, the Secretary of the Interior is requested to have appropriate schedules included in the budget annually which will disclose, by major items, the amounts proposed for capital improvements. The committee wishes to make it clear that no major capital improvement or rehabilitation is to be financed from revenues until it has been presented to and approved by the Appropriation Committees of the Congress."

For the fiscal year ending June 30, 1958, the committee approves the use of \$3,685,500 from revenues of the railroad for the additions and betterments program presented to the committee, of which \$2,765,000 is for capital program and the balance of \$920,500 in expense accounts.

The schedules so requested showing the actual program for 1957 and the proposed programs for 1958 and 1959 with estimates by major items, are distributed on the following pages :

ALASKA RAILROAD REVOLVING FUND

Estimates for additions and betterments, and replacement program to be financed from revenues

	1957 actual	1958 estimate	1959 estimate
Buildings:			
Office buildings.....	\$3,206		
Housing.....	29,486		\$46,000
Storage buildings.....	1,621	\$7,000	
Service buildings.....	177,664	43,000	8,000
All other buildings.....	12,096	32,000	250,000
Total buildings.....	224,073	82,000	304,000
Other structures and facilities:			
Electrical distribution systems.....	3,438		
Heating systems.....		93,000	
Roads and bridges (highway).....	33,000	25,000	
Communications systems.....	581,714	180,000	37,000
Water systems.....		21,500	
Storage (other than buildings).....	8,464		
Roadbed and track.....	1,276,179	1,518,000	1,485,000
Tunnels.....		12,500	
Bridges and culverts.....	172,684	141,000	416,000
Drainage ditches and retaining walls.....	38,275		
Fences, crossings, and signs.....	10,000		
Signals and interlockers.....	54,811		
All other structures and facilities.....	53,855		91,000
Total other structures and facilities.....	2,232,420	1,991,000	2,029,000
Equipment:			
Diesel locomotives.....	178,876	20,000	
Freight train cars.....	603,668	834,000	1,420,000
Passenger train cars.....	6,193	98,000	30,000
Work train equipment.....	9,032		150,000
Highway motor vehicles and trailers.....	52,829	18,000	43,000
Construction and material-handling equipment.....	139,111	110,000	115,000
Electrical generation and shop equipment.....	69,897	24,500	21,000
Utility equipment.....	2,247	8,000	
Furniture, furnishings, and technical equipment.....	14,642		
Communications equipment.....	6,752		
Other equipment.....	250		6,000
Nonoperating equipment.....	300		
Total equipment.....	1,083,697	1,112,500	1,785,000
Nonprogramed reserve.....	118,187	500,000	500,000
Total for fiscal year.....	3,658,377	3,685,500	4,618,000

OPERATION OF RAILROAD

Chairman HAYDEN. Will the Alaska Railroad operate at a profit during the current fiscal year?

Mr. LAUSI. During the current fiscal year, so far as we are concerned, we are quite optimistic. We had our difficulties. We lost considerable revenues from the loss of transporting the oil for the Army and Air Force requirements.

Chairman HAYDEN. What is your estimate as to the amount that will be applied to additions and betterment of the railroad's facilities in fiscal year 1959?

Mr. LAUSI. I have that figure here, Mr. Chairman; \$4,618,000.

BUSINESS OF RAILROAD

Chairman HAYDEN. You mentioned the military business. Is the nonmilitary business of the railroad increasing or decreasing?

Mr. LAUSI. Other than the oil, I will say it is increasing. We have lost considerable revenues from the loss of the transportation of oil. Also, on the Alaska Railroad we have a language change which would

permit the payment of higher salaries to certain employees of the railroad.

Chairman HAYDEN. Are the House provisions on that satisfactory?

Mr. LAUSL. Yes, sir; they are.

VIRGIN ISLANDS CORPORATION

On the Virgin Islands Corporation we are requesting \$130,000, which is the same as the current fiscal year for water and soil conservation and forestry.

Chairman HAYDEN. The justifications for contributions and administrative expenses for the Virgin Islands Corporation will be included in the record.

(The justifications referred to follow:)

ANALYSIS BY ACTIVITIES

Contributions, Virgin Islands Corporation

Activities	Amount available	Estimate, 1959
1. Operating losses.....	\$394,000
2. Programs not predominantly of a revenue producing character.....	130,000	\$130,000
Total.....	524,000	130,000

VIRGIN ISLANDS CORPORATION—CONTRIBUTIONS, \$130,000

The amount appropriated for the fiscal year 1958 under this activity was \$524,000, of which \$394,000 was for operating losses. No funds are requested for this purpose in 1959. The balance, \$130,000, was for programs not predominately of a revenue-producing character, and the same amount is requested for the fiscal year 1959. The estimate of \$130,000 is distributed as follows:

(a) Water and soil conservation.....	\$100,000
(b) Forestry program.....	30,000

Total estimate..... 130,000

(a) *Water and soil conservation, \$100,000.*—The funds requested are for the following projects:

Dam construction.....	\$65,000
Brush clearance for farmers.....	15,000
Maintenance of pasture (special practices).....	5,000
Promotion of other productive uses of land.....	15,000

Total..... 100,000

(b) *Forestry program, \$30,000.*—This estimate includes funds for land preparation and the continuation of the program of seeding and planting mahogany trees on approximately 800 acres of land suitable for forestry, but too steep or shallow for other productive uses.

Appropriations

1950.....	\$1,026,000	1955.....	\$510,000
1951.....	474,000	1956.....	390,000
1952.....	130,000	1957.....	425,000
1953.....	241,000	1958.....	524,000
1954.....	1,080,000		