



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 17th day of July, 2002

Essential Air Service at

**CENTRAL AND
CIRCLE, ALASKA**

under 49 U.S.C. 41731 *et seq.*

Docket OST-98-3621

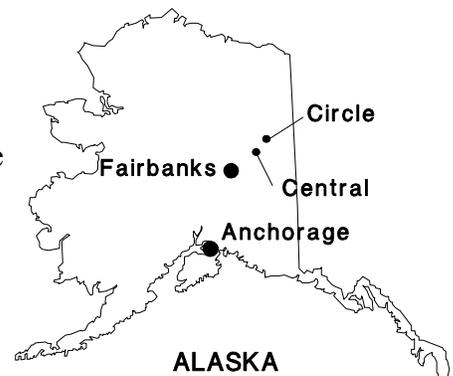
ORDER REQUESTING PROPOSALS

Summary

By this order we are requesting proposals from carriers interested in providing essential air service at Central and Circle, Alaska.

Background

By Order 2000-10-5, issued October 3, 2000, Warbelow's Air Ventures, Inc. (Warbelow's) was reselected to continue providing essential air service at Central and Circle, Alaska, for an additional two-year period. Subsidy was set at an annual rate of \$35,951 for the two-year period beginning July 1, 2000, for five round trips a week, four with 8-seat Piper Navajo equipment and one with 5-seat Cessna 206/207 equipment, over the routing Fairbanks-Central-Circle-Fairbanks.¹



¹ Warbelow was permitted to operate service via intermediate points provided such service did not result in more than two stops in either the Central-Fairbanks market or the Circle-Fairbanks market. The carrier was also permitted to operate up to four of the weekly flights with the smaller Cessna aircraft during the period October 1-April 30, at a slightly reduced payment, when demand is less.

Warbelow's two-year rate term expired on June 30, and at this juncture our normal procedure would be to invite the incumbent carrier to submit a proposal to continue providing essential air service at Central and Circle for another two-year period, either with or without subsidy support.

However, in the last few weeks, we have had inquiries from other parties interested in submitting a proposal to serve the Central and Circle markets. Therefore, with the probability of our receiving competing proposals, our program practice is to initiate a carrier selection case immediately for Central and Circle by formally requesting proposals from all interested carriers.

Essential Air Service at Central and Circle

Essential air service definitions at Central and Circle require at least three round trips each week to Fairbanks. Small aircraft (10 or fewer seats) may be used and there should be no more than two intermediate stops between Central or Circle and Fairbanks. In recent selection orders, we have authorized a service level of five round trips a week to ensure that seasonal and other fluctuations in each community's traffic would be accommodated. It remains our conclusion that the five-flights-per-week service pattern is necessary to accommodate all of Central and Circle's traffic at reasonable load factors across the critical first flight segment outbound from Fairbanks, given the directional imbalance of mail and freight.²

Request for Proposals

We request that any carriers interested in providing essential air service at Central and Circle, Alaska, file their proposals within 20 days of the service date of this order. Carriers proposing service with aircraft comparable to Warbelow's 5-seat Cessnas should submit proposals for five round trips a week to Fairbanks. Proposals with larger aircraft may contemplate fewer frequencies. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix A.³

Procedures For Filing Proposals

For interested air carriers that are not familiar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing

an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to

² Department of Transportation Order 92-5-6. Typically, in Alaska, approximately 90 percent of mail and freight moves outbound from the hub, while passengers fly equally in each direction.

³ Carriers should submit their proposals to the EAS and Domestic Analysis Division. After the deadline for submission of proposals has passed, the staff will contact each applicant carrier and direct it to serve a copy of its proposal on each of the other applicants and on civic and state officials.

provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.⁴

Community and State Comments

The communities and the State are welcome to submit comments on the proposals at any time.⁵ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁶

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁷ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

⁴ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

⁵ Civic parties should file an original and five copies of their comments in Docket OST-98-3621. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁶ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

⁷ The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 - Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Central and Circle, Alaska, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Central and Circle, Alaska, Docket OST-98-3621; ⁸
2. This docket will remain open until further Department order; and
3. We will serve a copy of this order on the civic officials of Central and Circle, Alaska, the Governor of Alaska, the Alaska Department of Transportation and Public Facilities, Warbelow's Air Ventures, Tatonduk Flying Service, and the carriers listed in Appendix B.

By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov/search/searchFormSimple.cfm>*

⁸ After serving a copy of its proposal on the civic officials of Central and Circle, the State of Alaska, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to John McCamant at (202) 366-1060.

Central O&D Traffic

Passengers	<u>1stQ 00</u>	<u>2ndQ 00</u>	<u>3rdQ 00</u>	<u>4thQ 00</u>	<u>Total</u>
Central-Fairbanks	13	7	5	13	38
Fairbanks-Central	<u>9</u>	<u>7</u>	<u>5</u>	<u>6</u>	<u>27</u>
Total	22	14	10	19	65

Cargo (lbs.)					
Central-Fairbanks	43	25	298	2	368
Fairbanks-Central	<u>5,181</u>	<u>3,254</u>	<u>4,152</u>	<u>6,007</u>	<u>18,594</u>
Total	5,224	3,279	4,450	6,009	18,962

Mail (lbs.)					
Central-Fairbanks	1,815	2,429	1,831	2,349	8,424
Fairbanks-Central	<u>15,197</u>	<u>9,970</u>	<u>11,706</u>	<u>14,026</u>	<u>50,899</u>
Total	17,012	12,399	13,537	16,375	59,323

Passengers	<u>1stQ 01</u>	<u>2ndQ 01</u>	<u>3rdQ 01</u>	<u>4thQ 01</u>	<u>Total</u>
Central-Fairbanks	4	0	2	3	9
Fairbanks-Central	<u>6</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>15</u>
Total	10	1	6	7	24

Cargo (lbs.)					
Central-Fairbanks	30	28	104	27	189
Fairbanks-Central	<u>8,973</u>	<u>2,146</u>	<u>4,403</u>	<u>2,767</u>	<u>18,289</u>
Total	9,003	2,174	4,507	2,794	18,478

Mail (lbs.)					
Central-Fairbanks	1,611	2,275	2,279	3,238	9,403
Fairbanks-Central	<u>12,478</u>	<u>8,999</u>	<u>9,106</u>	<u>10,550</u>	<u>41,133</u>
Total	14,089	11,274	11,385	13,788	50,536

Circle O&D Traffic

Passengers	<u>1stQ 00</u>	<u>2ndQ 00</u>	<u>3rdQ 00</u>	<u>4thQ 00</u>	<u>Total</u>
Circle-Fairbanks	66	71	57	50	244
Fairbanks-Circle	<u>62</u>	<u>61</u>	<u>50</u>	<u>55</u>	<u>228</u>
Total	128	132	107	105	472

Cargo (lbs.)					
Circle-Fairbanks	103	227	10	26	366
Fairbanks-Circle	<u>5,885</u>	<u>2,047</u>	<u>2,127</u>	<u>10,218</u>	<u>20,277</u>
Total	5,988	2,274	2,137	10,244	20,643

Mail (lbs.)					
Circle-Fairbanks	1,020	1,771	964	1,763	5,518
Fairbanks-Circle	<u>15,399</u>	<u>7,538</u>	<u>7,942</u>	<u>14,470</u>	<u>45,349</u>
Total	16,419	9,309	8,906	16,233	50,867

Passengers	<u>1stQ 01</u>	<u>2ndQ 01</u>	<u>3rdQ 01</u>	<u>4thQ 01</u>	<u>Total</u>
Circle-Fairbanks	38	53	65	48	204
Fairbanks-Circle	<u>39</u>	<u>43</u>	<u>45</u>	<u>45</u>	<u>172</u>
Total	77	96	110	93	376

Cargo (lbs.)					
Circle-Fairbanks	12	5	29	2	48
Fairbanks-Circle	<u>6,967</u>	<u>3,623</u>	<u>4,742</u>	<u>5,409</u>	<u>20,742</u>
Total	6,979	3,628	4,771	5,411	20,789

Mail (lbs.)					
Circle-Fairbanks	946	3,814	1,704	1,772	8,236
Fairbanks-Circle	<u>14,681</u>	<u>7,646</u>	<u>6,740</u>	<u>9,540</u>	<u>38,607</u>
Total	15,627	11,460	8,444	11,312	46,843

SERVICE LIST FOR THE STATE OF ALASKA

Aaron Air	Hageland Aviation Services, Inc.	Ryan Air Service, Inc.
Aero Tech Flight Service, Inc.	Haines Airways, Inc.	Scenic Mountain Air, Inc.
Air Excursions	Heli-Lift, Inc.	Seaside Air Service
Air Lift Alaska	Homer Air	Security Aviation, Inc.
Air Madura	Hudson Air Service, Inc.	Seward Flying Service, Inc.
Alaska Airlines, Inc.	Iliamna Air Taxi, Inc.	Silver Bay Logging, Inc.
Alaska Bush Carrier, Inc.	Island Air Service	Skagway Air Service, Inc.
Alaska Central Express, Inc.	Island Wings Air Service	Soloy Helicopters, Inc.
Alaska Coastal Airlines, Inc.	Jim Air, Inc.	Southcentral Air, Inc.
Alaska Fly’N Fish Charters	K2 Aviation	Specialized Air Service
Alaska Flyers	Kachemak Air Service, Inc.	Spemak Airways
Alaska Helicopters, Inc.	Kachemak Bay Flying Service, Inc.	Sunrise Aviation, Inc.
Alaska Island Air, Inc.	Katmai Air	Tamarack Air, Ltd.
Alaska Seair Adventures	Kenai Air Alaska, Inc.	Tanana Air Service
Alaska West Air, Inc.	Kenai Fjords Outfitters, Inc.	Taquan Air Service, Inc.
Aleutian Air, Ltd.	Kenair	Tatonduk Outfitters, Inc.
Aleutian Specialty Aviation	Ketchikan Air Service, Inc.	Temsco Helicopters, Inc.
Allegheny Commuter airlines, Inc.	Ketchum Air Service, Inc.	Totem Air
Amerijet International, Inc.	Kodiak Air Service	Trans-Alaska Helicopters, Inc.
Arctic Air Alaska, Inc.	Koyukon Air, Inc.	Trans-Porter Alaska, Inc.
Arctic Circle Air Service, Inc.	Kupreanof Flying Service	Tundra Copters, Inc.
Baker Aviation, Inc.	Kusko Aviation, Inc.	Umiat Enterprises, Inc.
Bellair, inc.	L.A.B. Flying Service, Inc.	Uyak Air Service
Beluga Lake Float Plane Service	Larry’s Flying Service, Inc.	Vemair
Bering Air, Inc.	Loken Aviation, Inc.	Warbelow’s Air Ventures, Inc.
Bran-Air & Branham Adventures	Lone Star Airlines, Inc.	Ward Air
Camai Air	Lone Wolf Aero Services, Inc.	Wings of Alaska
Canning Air Service	Maritime Helicopters, Inc.	Woods Air Service, Inc.
Cape Smythe Air Service, Inc.	MarkAir, Inc.	Wrangell Mountain Air, Inc.
Cassaron Turbo Helicopters	Metroflight, Inc.	Wright Air Service, Inc.
Chugiak Aviation	Midway Airlines, Inc.	Yukon Helicopters
Clearwater Air, Inc.	Midwest Express Airlines, Inc.	Yutana Airlines, Inc.
Coastal Helicopters, Inc.	Misty Fjords Air & Outfitting	Yute Air Alaska, Inc.
Cordova Air Service, Inc.	Mountain Aviation	
CPA Air Service	Mountain Helicopters	
Customized Alaskan Adventures	Nash West Aviation, Ltd.	Alaska Juneau Aeronautics, Inc.
Delta Connection	Natron Air	Ken Bannon
Denali air	Nordic Air	E. B. Freeman
Egli Air Haul, Inc.	North Star Air Cargo, Inc.	A. Edward Jenner
Ellis Air Taxi, Inc.	Northern Air Cargo, Inc.	John McFarlane
Ellison Air, Inc.	Northwest Airlink	Kevin Thomas
ERA Aviation, Inc.	Olson Air Service, Inc.	Pat Dempsey
F.S. Air Service, Inc.	Pacific Wing, Inc.	P. Richard Steinman III
Fishing and Flying	Peninsula Airways, Inc.	
Fiskehawk Aero Service	Precision Valley Aviation, Inc.	
Forty (40)-Mile Air, Ltd.	Promech, Inc.	
Frontier Flying Service, Inc.	Ram Air, Inc.	
Golden Plover Air	Ray Atkins Registered Guide	
Grant Aviation, Inc.	Rediske Air, Inc.	
Great Northern Air Guides	Reeve Aleutian Airways, Inc.	
Gulf Air Taxi, Inc.	Regal Air	
Gulf Aviation, Inc.	Reid Air	
Gulkana Air Service, Inc.	Rust’s Flying Service, Inc.	

