

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

Issued by the Department of Transportation  
on the 15th day of May, 1996

Essential Air Service at

ADAK, ALASKA

under 49 U.S.C., 4173 *let seq.*

**Docket OST-96-1214**

**ORDER PERMITTING SUSPENSION**

On April 1, 1996, Reeve Aleutian Airways, Inc., filed a 90-day notice of its intention to suspend its subsidy-free air service at Adak, Alaska, effective July 1, 1996. Reeve provides two round trips a week between Adak and Anchorage with Boeing 727 aircraft.

Adak's current essential air service definition, set forth in Order 80-1-167, January 25, 1980, requires five round trips per week in the peak period and four round trips per week in the off-peak period to Anchorage with large aircraft (over 60 seats), with no more than two intermediate stops.

Adak, until now a restricted Navy base, is scheduled to be closed in a year and a half. In addition to the service provided by Reeve, Adak receives three scheduled jet round trips a week from Alaska Airlines to Elmendorf Air Force Base, located 9 air miles from Anchorage International Airport, under an Air Mobility Command (AMC) contract with the Defense Department. AMC contracts are designed for the transportation of military passengers and supplies, not for the transportation of commercial traffic except under emergency circumstances.

In response to Reeve's filing, Peninsula Airways has stated that it would inaugurate four round trips a week between Adak and Dutch Harbor, a regional hub 445 air miles from Adak, contingent upon Reeve's suspending service. Peninsula would use 16-seat, pressurized, lavatory-equipped Metro III aircraft. The Department of the Navy is dissatisfied with Reeve's two-round-trip-a-week delivery of mail to its personnel and, in a letter dated April 12, 1996, has endorsed Peninsula's proposal.

After careful consideration of this matter, we have decided to permit Reeve to terminate its service as soon as Peninsula inaugurates its proposed replacement service of four round trips a week.

The essential air service definition for Adak requires four or five round trips a week, depending on the season, to Anchorage with large aircraft (over 60 seats). That definition was established in 1980, very early in the essential air service program, when Dutch Harbor, a hub 800 miles closer to Adak than Anchorage, received much

less air service than it now receives.<sup>1</sup> Dutch Harbor now is fully capable of satisfying Adak's air service needs in concert with Reeve's and Alaska Airlines' service between Dutch Harbor and Anchorage. Peninsula's Metro III service will be economically better suited to the Dutch Harbor-Adak route than Reeve's jet service, and will enable more frequencies. In that respect, the Navy has made it clear that it places great value on the frequent delivery of mail and has endorsed Peninsula's proposal.

We will treat Peninsula's replacement service at Adak as an alternate service pattern, subject to a review of Adak's essential air service definition at a later time. We note that Peninsula Airways provides a significant amount of essential air service in Alaska, that it has a very good record for providing quality service and accommodating traffic flows, and that it has received unequivocal endorsements from communities it serves.

We expect Reeve and Peninsula to work together to establish a mutually acceptable transition date. In addition, before Reeve suspends service, we expect it to contact all passengers and shippers that hold reservations or cargo space on its flights that will be suspended, to inform them of the suspension and the availability of replacement service by Peninsula Airways, and to assist them in arranging alternative transportation.

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

**ACCORDINGLY**

1. We permit Reeve Aleutian Airways, Inc., to terminate its service to Adak, Alaska, before the end of its 90-day notice period, contingent upon Peninsula providing replacement service to Dutch Harbor, Alaska, consisting of four round trips each week with 16-seat Metro III aircraft; and

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<sup>1</sup> Dutch Harbor receives four Anchorage round trips a day -- two Alaska Airlines jets, one Reeve 80-seat L-188, and one Peninsula 16-seat Metro III aircraft.

<sup>2</sup> In light of our action in this order permitting Reeve to suspend service and relying on Peninsula's willingness and ability to provide subsidy-free replacement service, if Reeve elects not to suspend service, its suspension notice becomes moot and it would not be eligible for subsidy for forced-service.

2. We will serve a copy of this order on the civic officials of Adak, the Alaska Department of Transportation and Public Facilities, Peninsula Airways, Inc., and Reeve Aleutian Airways, Inc.

By:

**Charles A. Hunnicutt**  
Assistant Secretary for Aviation  
and International Affairs

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